The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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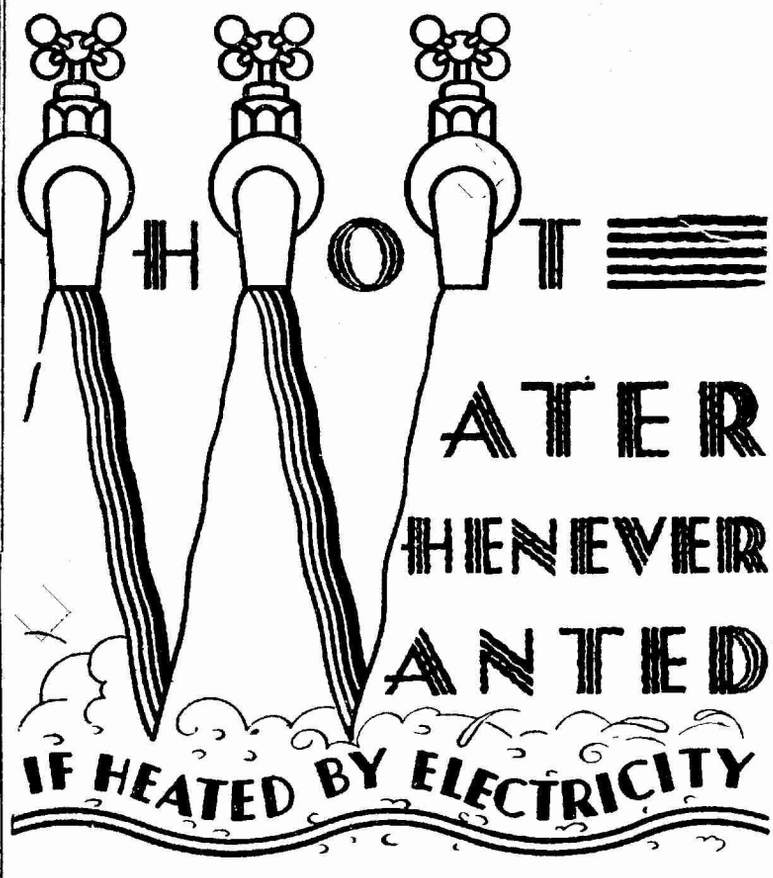

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 38 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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ARMORED CARS FOR TRANSPORTATION OF MANCHURIAN GRAIN

THREE weeks ago *The Review* printed a report from Mukden telling of the action of the Japanese military authorities in that city in supplying machine-gun squads for the protection of Korean rice farmers in the Mukden district. The report stated the banditry problem was so serious that the Korean farmers feared to harvest their rice, hence it was necessary to extend special military protection. Now we have a further Japanese report from Mukden (*Press Union*) dated Oct. 25 stating that a conference had been held by high officials of the Japanese military establishment, the South Manchuria Railway Company and the Manchukuo Government, wherein it had been decided to use armored cars for the transportation of Manchurian grain along the S. M. R. system in South Manchuria. The armored cars will be operated on all lines of the system for a period of four months beginning the middle of November, this being the period of heavy grain transporation in this district. According to the report the Japanese military authorities will station armored cars with detachments of troops at Changchun, Hanchiatun, Kungchiling, Ssupingkai, Kaiyuan and Tehling, the number of cars used being nine with ten motor trucks in addition assigned to each station. Hope was expressed that this protection would enable the railway to move the fall grain crops from the outlying districts to the markets in Mukden and Dairen. The report concluded with the following interesting statement. "In order to realize the spirit of equal opportunity for all races, White Russian emigree guards will be employed as 'conductors' on the armored cars. It is generally expected in this connection that the operation of the armored cars will do a great deal toward the maintenance of peace and order as well as contribute toward the development of industries in Manchukuo." One would think the use of machine-gun squads for the protection of Korean rice farmers and the use of armored cars and trucks for the transportation of produce would greatly increase the cost of agricultural development, but the Japanese always have been rather lax in the matter of cost-accounting in connection with their Manchurian adventure.

JAPAN HOPES TO FLOAT HUGE LOANS TO MEET CRUSHING BUDGET

THE Japanese Finance Minister, Mr. Takahashi, has won the first round against the Army and Navy Clique in Japan with reference to the method of raising the huge sums of money that are required to meet the Island Empire's mounting financial obligations. The contest has hinged on the point of whether the money shall be raised by increased taxation, as is urged by the Army and Navy, or by loans, as is urged by the great financial interests of Japan, at the head of which are the Mitsuis, and who have had the support of Mr. Takahashi. A brief telegram from Tokyo October 26 stated that the Japanese Government, at a session of the Cabinet Council, had decided as a fundamental policy to make up the deficit of the budget for the next fiscal year, by loans instead of increased taxation. This, however, may not be the final word, as the Army and Navy Departments have effective means of making themselves heard. In the end there will probably be a compromise. The issue which Japan faces is the same as other countries have had to face from time immemorial, namely whether the country should try to pay its way as it goes, or else to load the debt upon posterity. In Japan, as in other countries, the wealthy classes naturally favor the latter method. Thus in Japan we find Sobun Yamamuro, the managing director of the Mitsuibishi Bank, stating recently that a general rise in taxes at this time would be most deplorable, due to the general economic stringency prevailing in Japan. In any event this Japanese financier and merchant prince wants a medium struck between the two devices so that the taxes would be levied on an emergency basis and not permanently. A permanent tax rise, in Mr. Yamamuro's opinion, should be made only only when it is found that the government cannot pay off the interest on the accumulated loans, through the ordinary revenue.

The next budget, as has been stated in these columns on several occasions, is estimated at between two billion and two billion five hundred million yen, the largest in the history of Japan. The estimates for the army and navy departments exclusive of large sums for naval replacements and the Manchurian adventure, are in excess of a half-billion yen. According to reports in some of the Japanese newspapers the total Army and Navy demands approximate a billion yen. In an effort to improve the financial situation in Japan Mr. Yamamuro and many other wealthy Japanese favor the inflationist policy —which is expected to follow in consequence of the government's relief plan. These Japanese magnates are of the opinion that a certain degree of inflation would bring confidence to business circles in Japan.

In the meantime the Finance Minister is doing his utmost to get the various Government departments to adopt a policy of retrenchment. At a meeting of the Cabinet Council Oct. 25 Mr. Takahashi expressed himself as opposed to the proposal for an increase in the income tax, the inheritance tax or the tax on the interest from capital funds, saying that the time is not ripe for such taxes.

The first move in the direction of raising money by loans, according to *Rengo*, will be in November when the Bank of Japan will float a loan for Yen 200,000,000, which is to be part of a larger loan of Yen 607,000,000 which the bank must raise. Most of this huge sum will go to the military with a smaller portion to relieve agricultural depression. War Minister Araki on Oct. 26 called on Finance Minister Takahashi and again emphasized the urgent necessity for raising funds for meeting military expenditures in Manchuria. A report in the *Osaka Mainichi* stated that Japan this year will suffer a loss of Yen 82,985,700 on its foreign interest payments due to the fall in the value of yen exchange.

If in the end Japan decides to follow the policy of resorting to huge loans,—provided of course the country's credit is strong enough to float them—the same situation may arise in the not distant future in Japan that arose in Russia more than a decade ago, namely that the country as a whole simply refused to recognize the huge financial load that had been placed on it by the previous generation and solved the difficulty by treating the bonds and other evidences of debt as so much waste paper.

NAVAL HOLIDAY WHICH ENDS NOV. EXTENDED TO MARCH

IT was announced in Washignton end of last week that the United States had agreed to an extension until March 1, 1933, of the naval holiday which is due to expire on November 1. It was explained in official circles in the American Capital that the extension is intended to give the Disarmament Conference an opportunity of reaching a settlement in respect of naval reductions. A telegram from Tokyo Oct. 28, stated that the Japanese Government had approved of this four months' extension of the one-year naval holiday on condition that all the other countries concerned also accepted the extension. It was intimated at Washington that the U. S. State Department would send a note to Geneva formally agreeing to the extension of the naval holiday and expressing the hope that after next March genuine progress toward general disarmament would be made. The idea of extending the naval holiday has apparently been received with approval by all the major powers. The holiday is not expected to curtail the building of destroyers in the United States but it will cause the postponement of construction of such 10,000-ton cruisers as Congress had authorized. Despite this fact, however a Washington telegram stated that America intended to go ahead with the building of one or more of these cruisers after March 1, this evidently as an intimation that America could stand the building "racket" if the others could.

A telegram from Tokyo October 19 stated that Japanese Naval officials are opposed to participating in a Five-Power conference, if general reduction of tonnages is to be discussed. If general reduction is to be discussed the officials will ask the Government to issue a statement giving the reasons for non-participation. Reports that Norman Davis, American delegate to the preliminary economic conference at Geneva had suggested such a conference were discussed in a series of official conferences held by Japanese naval officials in Tokyo Oct. 19, and at later dates, when the Japanese naval attitude in this respect was confirmed.

JAPAN'S EFFORTS TO STIMULATE ENTHUSIASM IN MANCHUKUO

A READER of *The Review* in Harbin has sent us copies of posters and leaflets distributed by the Japanese authorities in that city on Oct. 18 in connection with the celebration incidental to the Japanese recognition of Manchukuo. The large poster, a reproduction of which appears herewith, contained the title at the top, "The Morning Sun Shines Throughout Manchukuo—Hereafter the World Will Become a Paradise." The original was in colors and showed two youths, one a Japanese and the other a Chinese (Manchukuoan) astride donkeys and waving their respective national flags. In addition to the poster, all drivers of motorcars were compelled to purchase flags, while shopkeepers were required to display the emblems of Japan and Manchukuo. However, most interesting and indicative of the mentality of the Japanese military, was a leaflet in the Chinese language which was distributed throughout the city. A translation of the leaflet was to the following effect,

"On Sept. 15, the First Year of Ta Tung (New Manchu Dynasty), our friendly neighbor, Japan, first recognized our newly-established country, Manchukuo. Our country feels greatly honored at this action. From now on the various peoples should cooperate with each other and work for the realization of the Wang-Tao, or Kingly-Way, and assist in the creation of the Manchurian paradise. The foundation of our country is gradually being strengthened and our happiness is beyond description. Our belief in the new state constantly becomes firmer. Hereafter, our salvation and the prospects for peace will not be delayed. What we hope is that the civilization of Eastern Asia will be developed to the fullest extent in this new country. The 'devilish' wind from the Far North (Russia) and the 'ghost-like' wind from the South (China) will certainly be suppressed and exterminated. Both Russia and China should be friendly and assist us in making the world prosperous and peaceful. We swear to protect the economic system of the people and ameliorate their hard conditions, thereby helping them to partake in the blessings of Manchukuo. The blessings will be eternal and the myriad countries of the earth will be peaceful and friendly with one another. We hereby issue the above declaration.

Oct. 18, First Year of Ta Tung. Japan-Manchukuo Peace Promotion Society, Harbin.

The above picture, referred to in the accompanying article, is a reproduction of a large poster which was put up in Harbin in connection with the "celebration" staged in that city in honor of Japan's recognition of Manchukuo. The poster showed two youths, one a Japanese and the other a Chinese (Manchukuoan) mounted on donkeys and waving their respective national flags. The inscription at the top stated, "The Morning Sun Shines Throughout Manchukuo—Hereafter the World Will Become a Paradise." The inscription at the bottom read, "In Celebration of Japan's Recognition of Manchukuo—Oct. 18, 1st Year of Ta Tung Dynasty."

It remained, however, for the *Harbin Observer*, a British-owned paper to tell a somewhat different story about the celebration of Japan's recognition of the Manchukuo "paradise." The account on the front page stated that beginning at daylight of the day of the celebration, the military and police with fixed bayonets were stationed at 50-yard intervals the entire length of Kitaiskaya street while at each corner there was a squad of mounted police. The Municipal gardens where the speeches were delivered were barricaded with barbed-wire. Other articles in the same issue of the Harbin newspaper were largely devoted to bandits and kidnappers who seem to persist in disturbing the Japanese-made paradise, to such an effect that practically all men of wealth have left the country.

CHINESE FAVOR HOOVER; JAPANESE WANT ROOSEVELT

THE American Presidential election will take place November 8. At no time in the history of the United States has the interest taken in the outcome of an American election throughout the world been as great as it has been in the present contest between the incumbent, Herbert Hoover, the Republican candidate, and Franklin D. Roosevelt, at present governor of the state of New York, the Democratic candidate. Both the *United Press* and *Reuter* services (particularly the former) have been sending complete details of the speeches of both candidates. Not only the Chinese, but particularly the Japanese, are taking great interest in the contest. It may be stated that in a general way the Chinese would like to see President Hoover re-elected and the Japanese would like to see Roosevelt elected. A great deal of this feeling in both countries is due to the strong stand taken in his speeches by Herbert Hoover's Secretary of State Stimson. Then the fact that Herbert Hoover has been in China has also given a sentimental interest among the Chinese to his candidacy, which has been supported by Tong Shao-yi, veteran Chinese statesman and an associate with Herbert Hoover while the latter was in China. The Japanese do not hide the fact that they would like to see Roosevelt elected, apparently banking on the supposition that the Democrat if elected, will be so busy attending to internal matters that he will not go out of his way to oppose Japan's encroachments in the Far East. If Roosevelt is elected it may be taken for granted that there will be some wild celebrations in the Island Empire as soon as the news of his election is flashed across the Pacific. However, it will not be out of place in this connection to mention that it was a Democratic president who led the policy of the United States in declaring war on Germany in 1917—this despite the fact that Woodrow Wilson had been re-elected on the campaign slogan. "He kept us out of the war," and had written so many notes of protest to Germany they had become a stock joke with the British humorous journals.

Communist Demonstration at Detroit

A communist demonstration was staged at the Union Station in Detroit October 22 when President Hoover arrived there. He remained aboard his private train almost half an hour while the police quelled the disturbance sufficiently to permit the President to drive safely through the streets.

When the Presidential party finally appeared and the drive to the Auditorium was begun, another demonstration was commenced. The appearance of the President seemed to throw the crowd into a frenzy. Speakers along the curb shouted, "He gave millions to the banks but not one cent to you." A man wearing on old service cap stepped to the curb and shouted, "Down with Hoover, slayer of veterans." The President was taken over a route of four miles, lined on either side with either silent or booing men and women. Scarcely a voice was raised in his defence or praise.

However, when President Hoover stepped into the Auditorium he was almost deafened by shouts of praise. He said the U. S. was not only willing but eager to reduce armaments and thus reduce heavy tax burdens. The nation and his own Administration had been moving principals in the effort to obtain a greater reduction of arms, he said, but he intimated that the next move must be made by the other nations. "In view of the present disturbed state of the world, we must not further reduce our defence without a general international agreement for the reduction of arms," he said.

For the first time in the campaign the President mentioned Governor Franklin D. Roosevelt by name.

"He has been holding out frivolous promises of Government jobs, to suffering and unemployed men," the President said. "If the Republican Administration is re-elected and supported by a Republican Congress, it will make greater actual economies than Governor Roosevelt has promised in his speeches."

"Under our program which is definite, there has been genuine improvement," the President said. "We are winning a major battle for economic recovery. It has been our policy to preserve the United States against chaos and we have preserved that final fortress of stability in the world."

Roosevelt Says High Tariff Causes World Depression

Governor Franklin D. Roosevelt in a speech at Louisville, Kentucky, October 22 stated that the Hawley-Smoot tariff act carried the world from a minor depression into what amounted to a major catastrophe. That tariff law was sponsored by the Republican party. The world trade figures prove that the depression in the U. S. A. was primarily responsible for the distress in the rest of the world, he added.

Senator Hiram Johnson declared at San Francisco Oct 22 that he would support Governor Franklin D. Roosevelt and make an active campaign for him.

Democrats Will Work to Repeal 18th Amendment

Definite announcement was made by Democratic candidate Roosevelt in a speech at St. Louis, Mo.. Oct. 22 that the Democrats proposed to repeal the Eighteenth (Prohibition) Amendment if they were successful in the forthcoming presidential election. St Louis is the center of a large German-speaking population and also of large brewing interests. Mr. Roosevelt attacked what he described as President Hoover's disastrous policy of lending money to backward and crippled nations and expressed his own intention to prevent the hard earned dollars of investors being frittered away abroad. He asked what President Hoover had done towards eliminating the abuses which, he alleged, had resulted in the failure of the great Insull group of utility companies. Finally, he advocated intervention on behalf of the railroads for the protection of the bondholders.

"Literary Digest" Poll "Elects" Roosevelt

The final tabulation by states in the *Literary Digest* pre-election poll shows that Governor Franklin D. Roosevelt has a clear majority in 39 states.

On the basis of these counts Governor Roosevelt would have 474 electoral votes and President Herbert Hoover would have 57.

Since Norman Thomas did not have a majority in any state no electoral vote could be estimated for him.

How States Voted

The tabulations as announced by the *Digest* follow:

	Hoover	Roosevelt		Hoover	Roosevelt
Alabama	3,306	16,176	Nevada	569	1,204
Arizona	2,249	4,421	New Hampshire	6,097	4,072
Arkansas	3,326	14,443	New Jersey	63,175	53,409
California	69,381	130,880	New Mexico	1,026	1,632
Colorado	10,076	12,896	New York	148,796	159,428
Connecticut	26,646	15,264	North Carolina	8,498	34,102
Deleware	2,114	2,316	North Dakota	4,085	7,423
Dist. Columbia	3,577	4,754	Ohio	67,411	94,111
Florida	7,612	19,737	Oklahoma	9,851	21,438
Georgia	3,636	25,491	Oregon	6,457	12,000
Idaho	2,837	4,491	Pennsylvania	82,489	113,151
Illinois	61,052	37,915	Rhode Island	7,874	6,389
Indiana	33,592	45,677	South Carolina	1,397	13,741
Iowa	20,117	28,635	South Dakota	4,940	7,738
Kansas	19,544	24,347	Tennessee	9,725	22,621
Kentucky	10,149	19,370	Texas	13,925	69,461
Louisiana	2,631	12,738	Utah	3,995	6,975
Maine	9,968	7,310	Vermont	4,359	2,942
Maryland	11,406	24,479	Virginia	12,008	30,914
Massachusetts	51,739	29,712	Washington	13,776	25,401
Michigan	34 225	49,564	West Virgina	10,752	20,839
Minnesota	23,832	39,578	Wisconsin	15,904	33,423
Mississippi	809	8,575	Wyoming	1,899	2 523
Missouri	31,333	57,959	Unknown	15,156	26,827
Montana	5,074	7,184			
Nebraska	9,371	17,712		973,367	1,473,446

The *Literary Digest* on Oct 22 released figures for nine cities with a population under half a million which gave 25,696 votes to Roosevelt as against 14,375 to Hoover.

(The vote for the two major American parties in 1928, as compiled by William Tyler Page, Clerk of the House of Representatives, was as follows.)

State	Rep.	Dem.	Party and Majority		Votes Elect.
Alabama	120,725	127,797	Dem.	7,092	12
Arizona	52,533	38,537	Rep.	13,998	3
Arkansas	77,751	119,196	Dem.	41,445	9
California	1,162,323	614,365	"	547,958	13
Colorado	253,872	133,131	Rep.	120,741	6
Connecticutt	296,614	252,040	"	44,574	7
Delaware	68,860	36,643	"	32,217	3
Florida	144,168	101,764	"	42,404	6
Gsorgia	63,498	129,602	Dem.	66,104	14
Idaho	99,848	53,074	"	46,774	4
Illinois	1,769,141	1,313,817	"	455,324	29
Indiana	848,290	562,691	"	285,599	15
Iowa	623,818	378,936	"	244,882	13
Kansas	513,672	193,003	"	320,669	10
Kentucky	558,064	381,070	"	176,994	13
Louisiana	51,160	164,655	Dem.	113,495	10
Maine	179,923	81,179	Rep.	98,744	6
Maryland	301,479	223,626	"	77,853	8
Massachusetts	775,566	792,758	Dem.	17,192	18
Michigan	965,396	396,762	Rep.	568,634	15
Minnesota	560,977	396,451	"	164,526	12
Mississippi	27,153	124,539	Dem.	97,386	10
Missouri	834,080	662,562	Rep.	171,518	18
Montana	113,300	78,578	"	34,722	4
Nebraska	345,745	197,959	"	147,786	8
Nevada	18,327	14,090	Rep.	4,237	3
New Hampshire	115,404	80,715	"	34,689	4
New Jersey	926,050	616,517	"	309,533	14
New Mexico	69,645	48,211	"	21,434	3
New York	2,193,344	2,089,863	"	103,481	45
North Carolina	348,992	287,078	"	61,914	12
North Dakota	131,441	106,648	"	24,793	5
Ohio	1,627,546	864,336	"	763,336	24
Oklahoma	394,046	219,174	"	174,872	10
Oregon	205,341	109,223	"	96,118	5
Pennsylvania	2.055,382	1,067,586	"	987,796	38
Rhode Island	117,522	118,973	Dem.	1,451	5
South Carolina	3,188	62,700	"	59,512	9
South Dakota	157,603	102,660	Rep.	54,943	5
Tennessee	195,388	167,343	"	28,045	12
Texas	367,036	341,032	"	26,004	20
Utah	94,618	80,985	"	13,633	4
Vermont	90,404	44,440	"	45,964	4
Virginia	164.609	140,146	"	24,463	12
Washington	335,844	156,772	"	179,072	7
West Virginia	375,551	263,784	"	111,767	8
Wisconsin	544,205	450,259	"	93,946	13
Wyoming	52,748	29,299	"	23,449	3
	21,392.190	15,016,443			531

Hoover—444 electoral votes
Smith — 87 electoral votes

Total vote for all candidates, including blank, void and defective ballots, was 36,879,414.

BRITAIN SHUTS OUT SOVIETS TO KEEP CANADIANS LOYAL

THE recent announcement by the British Government that the trade agreement with Soviet Russia must be cance led is but one of many restrictions on freedom of trade throughout the world that have been imposed during the past several years. Economists of all nationalities agree that these restrictions constitute the principal reason for the world-wide stagnation of commerce and industry that exists at the present time. The Tory government now in power in Britain is merely following the same policy that reactionary governments always follow, namely, that under the guise of extending imperial interests, measures are invoked ostensibly in the interests of the masses, but which in reality simply enslave them all the more.

The principal effect of the British government's Ottawa Conference policy will be to greatly increase the cost of food to the British working classes, and the outcome will be that in the end there will be an added inducement for hundreds of thousands of British workmen to give up the struggle for daily existence and throw themselves on the mercy of the government and claim the dole which the law allows them. The main principles of the Ottawa conference are to shut out other than British sources of supply and to force the various units of the British empire to confine their purchases to British areas. The net result will be, as is always the case when freedom of market is interfered with, to raise the prices of commodities, and in the case of the British people at home this means principally, dearer food, as no people on eerth are so dependent on foreign supplies for their daily bread as are the inhabitants of the United Kingdom. The nation whose foreign trade will be principally hit by the present British policy will be Soviet Russia. So far as one can see the notice to Russia is not intended as a "slap." It came inevitably as the result of the Ottawa Conference, and the Soviet comments that the United Kingdom had promised the Canadians to shut out the Russians so as to prevent Canada from working too closely with the United States of America are probably correct.

Izvestia, the official organ of the Soviet Government, in an editoral recently stated that, behind the scenes of the Ottawa Conference the British Government gave a pledge to the Canadian Government to break off the trade agreement with the U.S.S.R. The British Government gave this pledge "as the price for restraining Canada from further rapprochement towards the United States."

"This fact," the *Izvestia* asserts, "is an expression of the complete helplessness of British imperialism in face of the intensification of all the antagonisms of international capitalism. British imperialism is powerless in the Far East, weekly wavering between Japan and the United States. It is also helpless in face of the Franco-German antagonisms, and has been forced under pressure from France to send notes to Germany which have weakened all the positions it took years to conquer."

Continuing, the paper declares that Britain, unable to fight American competition in the dominions, now resorts to bribing a section of the Canadian capitalists, promising them to fight against Soviet exports.

"Figures showing the development of exports from Great Britain to the U. S. S. R., however, speak convincingly as to the extent to which this policy will be detrimental to British industry and the British working class. Last year, goods to the value of £7,100,000 were exported from England to the U. S. S. R. as compared with £3,700,000 in 1929."

Izvestia then proceeds: "It is for the British Government to decide whether economic interests can be sacrificed for illusory political aims, and it is for the Soviet Government to decide what means it will employ to convince the British diehards that Soviet trade is no current coin in British world policy and that the development of trade with a great country of 160,000,000 people is a value to be considered. Concluding, *Izvestia* declares that the gentlemen in the camp of the diehards must be convinced that, at a time when unemployment in England is growing and municipalities are becoming bankrupt, it is dangerous to resort to fighting for this or that trade agreement by a campaign of lies and slander against a country that gives work to thousands of British workers by its leads."

Pravda, the official organ of the Communist Party of the U. S. S. R., declares that the declaration of the British Government renouncing the trade agreement with the U. S. S. R. completely breaks down the basis of Anglo-Soviet trade, and proceeds: "Independently of the fact that the stop taken by the British Government will inevitably lead to the restriction of Soviet orders to and purchases in Britain (as was the case with the United States in similar circumstances), it will also lead to a higher cost of raw materials for British industrialists and to higher prices for the principal articles of food, which in the first place will hit the workers and a large strata of the petty bourgeoisie.

"However," proceeds this Communist Party organ, "the

anti-Soviet policy of the Churchills and Beaverbrooks hit hard in its time the pockets of the British bourgeoisie, which was compelled to relinquish this policy even under the conditions of a comparatively stabilized capitalism. We have therefore every reason for believing that now, in a situation of the gravest economic crisis, a reversion to the policy of the Churchills will deal an even heavier blow to the British bourgeoisie."

Concluding, *Pravda* declares: "The U. S. S. R., however, is sufficiently strong, and no machinations by the Churchills, the Beaverbrooks and their assistants can hamper her further growth."

The Labor Party in England has evinced decided opposition to the Ottawa Conference arrangements and introduced in the House of Commons end of last week an amendment designed to omit the prohibition against dumping. Speaking on the amendment, which was later defeated, Neville Chamberlain, chancellor of the exchequer, gave a warning to the Soviets that any attempt to destroy Britain's arrangements with Canada would be firmly met.

Japanese Policy and "Horse-Trading" at Geneva

ALTHOUGH there have been some recent inspired reports from Tokyo designed apparently to create the impression that Japan in recent days has become more conciliatory on the Manchurian issue, a careful perusal of statements by high Japanese officialdom as published in the Japanese newspapers fails to disclose any material change of official attitude. This was particularly true at the time of the departure of Yusuke Matsuoka, Japan's chief delegate to the Geneva meeting, who departed from Tokyo on the evening of Oct. 21. An interesting sidelight on disturbed conditions in Manchuria was provided in the fact that Mr. Matsuoka was compelled to travel to Europe by way of the Russian port of Vladivostok and the round-about Ussuri-Amur line of the Trans-Siberian Railway through Russian territory instead of taking the direct and shorter route through Manchuria over the Chinese-Eastern Railway, a considerable portion of which is now controlled by the Chinese volunteers and loyalists in that area, hence is closed to international travel. Mr. Matsuoka, it should be mentioned is a prominent member of the Seiyukai party and a former vice-president of the Japanese government-owned and operated South Manchuria railway, hence is thoroughly experienced in Sino-Japanese-Manchurian politics. But while Mr. Matsuoka is Japan's chief delegate, he did not carry the Cabinet's instructions and "observations" on the Lytton Report. These were sent a week later with another delegate, Isaburo Yashida, this action leading to the report that Tokyo had modified its attitude following the departure of Mr. Matsuoka.

Chief interest, of course, centers in the policy which Japan has mapped out and which Mr. Matsuoka will follow in the forthcoming "battle of Geneva." To this end we can do no better than quote Mr. Matsuoka's own words as expressed in an address delivered in Tokyo the night before his departure for Geneva: "I wish on the eve of my departure for Geneva, to express to the people of Japan some of my aims in taking the trip. As I already have said, we have nothing to hide. We can but appeal to Heaven and determine our judgment in accordance with this. There may be sophisticated persons (in America, China and Europe) who by their cleverness and sophistry propose to deceive us and to hoodwink the world. But these people cannot hide the true position of Japan in the presence of God...I am satisfied that the people of Japan are convinced that they have done nothing wrong. None can combat the strength which arises from the conviction of a man who stands before his God and still believes he is right. I have the conviction of being able to stand before God with sincerity and a firm determination and declare my stand to be right. That is the feeling with which I hope to face the world at Geneva and explain the position of my country."

Dealing more specifically with the more earthly Manchurian question, Japan's chief delegate to the momentous League conference, declared that Japan and the world are faced with two unalterable circumstances, (1) The existence of the Manchukuo state which Japan has recognized; and (2) Japan's unity on the Manchurian problem. "The real object of my mission," stated Mr. Matsuoka, "is to make a frank presentation of the Japanese Spirit, and of the makings of the Japanese people, to the peoples of Europe and America, and to make these nations understand them....I believe there is nothing concerning the Manchuria-Mongolia question that we need to dispute....The Manchuria-Mongolian question has already been settled by the establishment of Manchukuo and Japan's recognition of the new state. That is the end to it. There is nothing left that we need to dispute about." Amplifying his position still further Mr. Matsuoka declared that Japan's purpose was the same as that of the League and the United States—world peace—and while China and large sections of public opinion in America and Europe believe that Japan is wrong, this is merely a matter of difference of opinion, hence, there can be no alteration of Japanese policy. "As I see it the only way to settle such differences of opinion as now confront us over the Manchuria question, is to leave the question to the judgment of God."

Japan's specific instructions to her delegation naturally have not been disclosed, but reports which have appeared in the various Japanese newspapers and press reports give a fairly accurate indication of the line which Japan will follow. The *United Press* in a report from Tokyo dated Oct. 21 quoted Count Yasuya Uchida, Foreign Minister, as expressing the view that Japanese policy will include the following fundamentals:

(1) Insistence upon the claim that the recognition of Manchukuo was the only logical method of settling the Manchurian question. That recognition violates no treaty and hence Japan will not cancel the recognition.

(2) The Lytton Report is worthless as a basis of settling the Manchurian troubles now because it is merely a history of events which excludes the recognition of Manchukuo, one of the vital events in the history of the case. That the Report is unfair to Japan and hence the League should simultaneously consider Japan's observations.

(3 That the worst that could happen would be Japan's withdrawal from the League but Japan does not desire this. Hence Japan will patiently attempt to find a solution that will satisfy the League and at the same time, protect Japan's admitted interests. For this reason it will be suggested that the League watch the development of Manchukuo for at least two years.

The *Japan Advertiser*, American paper in Tokyo, on Oct. 13, stated that a conference of representatives of the War, Navy and Foreign Ministries had formulated the following "observations" regarding the Lytton report and the policy which Japan will emphasize, at the forthcoming meeting of the League Assembly:

1. The special position of Japan in Manchuria.
2. The disorganization of Chinese Government as indicated by the anti-Japanese boycotts and similar agitation.
3. Facts concerning the independence of Manchukuo.
4. Any practical solution of the problem depends on the League refraining from hasty action or intervention.
5. Doubt of the competency of the Lytton commission.

The *Japan Chronicle*, British newspaper published at Kobe, offered the following summary of Japan's reactions with regard to the Lytton Report.

1.—The document is not written from an equitable attitude. Particularly objectionable is the thoughtless attitude adopted by the Commission in accepting uncritically faked materials supplied by the Chinese assessor.

2.—In connection with the incident of September 18th last year, the Commission gives its bold verdict that the action of the Japanese troops overstepped the limits of self-defence. As the basis of this judgement, it describes the blowing up of the railway line as a trifling matter. Such a verdict must be denounced as a very indiscreet commentary on Japan's exercise of the solemn right of self-defence. It leaves out of consideration the circumstances which compelled the Japanese troops to take that action—especially facts of anti-Japonism and contempt of Japan by the Chinese which have been present for many years.

3.—The Commission was mistaken when it concluded that there were no independence movements in Manchuria before, and that the establishment of Manchukuo was not by the free will of the inhabitants. Many historical facts can be adduced to prove that independent movements existed in Manchuria in the past. That the independence of Manchukuo was by the free will of the 30,000,000 Manchurian people is also eloquently testified to by the facts.

4.—The description of the boycott of Japanese goods in China is, on the whole, correct, but there are many things which the Report omits as to the clear fact that these boycotts are directed and controlled by the Chinese Government authorities. The facts that China remains disrupted and in chaos and that she lacks the attributes of a modern civilised State are not adequately presented in the Report.

Aside from these semi-official declarations there are indications that Japan will base her chief contention on the point that China is not an organized state in the accepted sense of the term, hence Japan's action in Manchuria was justified from the standpoint of "self-preservation," somewhat in the sense that a man is justified in taking extreme action in order to save his life or his property from destruction. This has been indicated in many ways, in the statements of high Japanese officials and official publications of the Tokyo Foreign Office. For example Mr. Matsuoka, in a statement circulated by the *United Press* on Oct. 22, declared,

"The condition of China is a menace to the peace of the world and it is that peace which we desire to preserve. We do believe that the course we have and are pursuing is the only road to the peace of the Far East, and consequently of the World. In fact, we are actually facing chaos right at our door; we can't get away from it.

"What we are doing is in fact only to evolve order out of chaos. If China were truly a modern republic, unified and able to maintain law and order within her frontiers, it would not have been necessary for the United States, Great Britain, France and other Powers, as well as Japan, to keep troops ashore and naval vessels in her waters, as they have done, for the past thirty-two years.

"To the Western Powers the condition of China is not an immediate danger. They are remote and have only comparatively small interests and comparatively few of their citizens to protest. To Japan, situated so near and whose destiny is so closely bound up with that of China, the situation is different."

Of greater significance, however, was the recent publication by the Japan Foreign Office of an exhaustive report on "Present Conditions in China," which resembled the various "papers" issued by the opposing Powers during the course of the World War. This report which consists of nearly 1,000 pages has been circulated all over the world and undoubtedly will constitute the basis of Japan's contention at Geneva that China cannot be treated as an organized, unified and civilized state, hence treaties and international agreements designed to protect China from her own self-destructive actions can be of no avail. As indicated in an article appearing elsewhere in this issue of *The Review* this Japanese denunciation of China stresses briefly the (1) anti-foreign spirit in China; (2) disregard of treaties; (3) effect of anti-foreign movement on Japan and Japan's right to exist; (4) Lack of unity and chaotic conditions prevailing in China; historical background of Chinese disunity; reasons for disunity; disunity and militarist domination; regime of private armies of warlords; military domination and political confusion; extortion of the war-lords; misrule of the Changs in Manchuria; personal conflicts and civil wars; regular soldiers and bandits; bandits in Manchuria; banditts in Kwangtung; injuries occasioned by bandits on foreigners other than Japanese; brigandage and Chinese international relations, piracies, lists, of, etc., etc., etc.

However, as stated in the opening paragraph, there have been indications in recent days that Japan is not quite so cock-sure of her ground as she has been for the past thirteen months. Whether these reports are being issued for propaganda effect cannot be stated, but a *Reuter* report from Tokyo published in Shanghai on Oct. 25 stated that a calmer view had come to prevail and instead of condemning the Lytton Report completely, the newspapers, people and politicians were rapidly coming around to a more level-headed judgment. Most surprising was the statement in the *Reuter* report that "there seems to be a growing feeling in some quarters that Japan herself is, in part, to blame for the distrust and suspicion felt abroad against her. At the coming session at Geneva, therefore, Japan's spokesmen are likely to adopt a very different attitude to the attitude usually assumed in previous discussions of the Manchurian issue." Further, the message stated that the Japanese delegation is expected to adopt a more positive and aggressive attitude and carry the war into the enemy's country, at the same time pressing the justice of Japan's actions rather than their strict legality. In this connection, Mr. Matsuoka was quoted as declaring his intention "to clear up the accounts of the past seventy years of Japanese diplomacy and thus start a new life in Japan's international relations."

In some quarters it has been suggested that Japan recently has come to take a more serious view of her international relations due to the economic crisis prevailing in the country. With a

falling yen which makes default on her foreign loan payments almost inevitable, and with economic distress so widespread that some observers are forecasting domestic revolution, the Japanese civilian leaders apparently have almost reached the point where they may attempt to call a halt to the pace which the military has set and which most persons believe must lead to inevitable disaster for the Island Empire. In this connection the *United Press* circulated a curious report from Washington which was printed in the Shanghai newspapers on Oct. 25 to the effect that foreign diplomats recently had been discussing a plan which might enable Japan to get out of her present predicament—said plan having to do with the simultaneous neutralization of Manchuria and the Philippines. As is generally known, most of Japan's pressing foreign financial obligations are held in the United States, most of them being concerned with electrical development projects in Japan which have been financed with American capital. Some of these loans are said to already be in technical default hence it is more than likely that certain interests in the United States may be putting forward certain compromise schemes which might enable the Japanese to save their faces and also the prestige and credit of their Empire. According to the report, the United States, in accordance with its plan for freeing the Philippines, might suggest to Japan a simultaneous neutralization of Manchuria. It was suggested that neutralization of these two areas would pave the way for solution of most pressing questions in the Far East, and although not mentioned in the news report, what they must have had in mind was naval limitation. It will be remembered that it was America's decision to cease work on certain fortifications in the western Pacific which paved the way for Japan's agreement to the arms limitation program at the Washington Conference in 1922, hence it is quite likely that a similar "horse-trading" proposal to neutralize the Philippines by means of international treaties might likewise provide a way whereby Japan could regularize her position on both the Manchurian and armament questions. This would necessitate no material change of policy on the part of the United States because Congress already has committed the American Government on the Philippine independence question.

As suggested in earlier discussions of this subject in *The Review* Japan's diplomatic complications with China, America and the League have caused some Japanese in high places to explore again the possibility of making a deal with Soviet Russia. On Oct. 23, the Prime Minister, Admiral Viscount Saito was quoted in a *Reuter* report as stating that Japan "would not hesitate to conclude a pact of non-aggression with Russia if such were really in the interest of both countries. As indicated previously in these columns the Russians countered Japan's recent proposal to recognize Manchukuo with a suggestion that Japan enter into a treaty of non-aggression with U. S. S. R. both on behalf of the Imperial Empire and Manchukuo. The Japanese military clique with their eyes on the Russian Maritime province and Vladivostok have constantly scorned any such deal, but recent news reports from Tokyo have indicated a possible change of heart. A *Rengo* report from Tokyo dated Oct. 25 alleged that a tentative agreement to discuss the question later in the present year already had been reached as a result of discussions between the Soviet Ambassador, Mr. Troyanovsky and officials of the Tokyo Foreign Office. The report quoted one of the Tokyo newspapers, the *Yomiuri* as claiming such a conference would be held in December and that Russia might send Mr. Karakhan, vice-commissar of Foreign Affairs as the U. S. S. R. delegate, in view of the fact that Ambassador Troyanovsky is scheduled to return to Moscow shortly on home leave. However, a report by the *United Press* from Tokyo on Oct. 19 suggested that Russia has been playing a clever diplomatic game with regard to Manchukuo and Japan's general program in northern Asia. The *United Press* claimed that Russian policy accorded with the following general outline,

> 1. Moscow will bend, in fact she is already directing, every effort to direct Japanese suspicions at nations other than the Soviets, particularly towards the United States. The recent article by Karl Radek in Isvestia, which was extensively telegraphed to Japan by the Soviet official "news agency," Tass, is seen as part of this policy. Radek stresses Moscow's "complete neutrality" with regard to "American-Japanese" controversies and reiterates Moscow's determination to keep out of the way of the Japanese.
>
> 2. While seeking to direct the suspicions of the Japanese military loaders and the Japanese masses against the United States, Russia at the same time will continue and is intensifying her support of the Chinese Communists in the hope that eventually the Chinese Communist Party will become sufficiently strong to gain complete control of Chinese affairs and work in co-operation with Moscow.
>
> 3. Moscow will continue playing Washington against Tokyo, intimating to the United States, on the one hand, that Russia will be forced into at least a tacit co-operation with Tokyo if the United States continues to withhold diplomatic recognition from the Soviets; and to Tokyo, on the other hand, that the U.S.S.R. will be forced into support of the American program including non-recognition of Manchukuo, if Tokyo does not respect the rights and interests of the U.S.S.R. in North Manchuria, including Russia's ownership of the Chinese "North Manchuria Railway."
>
> 4. In the background of events, lies the Soviet industrialization program and most experienced Japanese are convinced that once that program is completed, and Russia feels she is strong enough to stand against the armed forces of Japan, the attitude of the U.S.S.R. will be vastly different. The fact cannot be escaped, eventually, that both Japan and Russia want to be dominant in Asia. The very nature of the two governments makes any long-time program of Russo-Japanese friendship impossible. Sooner or later either Russia or Japan must retreat definitely to second place and neither nation is likely to do that without a settlement by arms.

The National Government at Nanking has not as yet indicated what course it intends to pursue in the forthcoming "battle of Geneva." However, two important officials, Dr. Lo Wen-kan, Minister of Foreign Affairs and Wang Ching-wei, late head of the Executive Yuan have issued statements on the Lytton Report. Wang Ching-wei, in a farewell message prior to his departure for Europe last week outlined his views on the League Commission's report to the following effect:

> "1. In submitting its case against Japan before the League of Nations, the Chinese Government has adopted a course which was at once logical and legitimate. For the Covenant of the League is really the one law of nations which it is incumbent upon both member-States and other adherents of the League to respect and obey, and it is only through general observance of this Covenant by the various States that peace of the world can be preserved.

Since its consistent aim is to preserve such peace, the Chinese Government has therefore submitted its case to the League which is responsible for the safeguarding of peace.

"2. It is the responsibility of the League to enforce the Covenant. The various resolutions which the League has adopted since China's submission of the case have likewise been based upon this cardinal principle, that it is incumbent upon the League to enforce its Covenant. The purpose of appointing and despatching the Commission of Inquiry was to investigate the facts of the case and to ascertain the responsibility in the matter.

"3. The report of the Commission, both in its presentation of facts and in its observations on the cause and effect of the Manchurian affair, was both lucid and impartial. Its recognition of the premeditated nature of Japan's plan in deliberately violating China's territorial integrity was in line with Japan's aggressive policies and is particularly clear and unmistakable. It is a point for which the Commission deserves our profound admiration for its efforts. It is regrettable, however, that the measures of settlement, as suggested by the Commission, seem to be not always consistent with the facts which it has so lucidly presented.

"4. From the tone of the wording of the Report, it is clear that the Commission has laid the whole responsibility, legal, political and moral, upon Japan. The Commission, in fact, clearly recognizes Japan's past activities and designs in Manchuria as the main source of complicatoins and disturbances in the Far East. It has also stated in an unmistakable way that it considers the so-called "Manchukuo" as merely a puppet organization hatched by the Japanese military. In spite of all these, the Commission hesitates, however, to hold Japan wholly responsible for the present crisis, but, on the other hand, has been at great pains, by circumlocution, to put forth the so-called peaceful measures of settlement.

"Should these recommendations of the Commission be accepted by the League in their entirety, it would only serve to show that though not lacking in impartiality of observation and sympathy towards right and justice, its power is, however, not strong enough to uphold such cause. In such an eventuality, not only would peace of the world be left without any safeguard, but it would also be impossible to attain what the League has considered to be its mission, namely, prevention and solution of international complications.

"For the sake of the future of world peace, China has to call the serious attention of the world to this important point.

"5. What our people should give their most serious consideration to now is how to cope with the question confronting us today. War? or Peace?

If the former course is adopted, we must recover by force what Japan has by force wrested from us. This is to seek justice through force.

If the alternate course is adopted, the most important step would be to accept the sympathy which the League has shown towards us but to seek rectification of its weakness and enhance its power in order that we may yet achieve the final triumph.

It should be emphasized however that whichever course is adopted, it is essential that the Government and the people must be firmly united together. Without unity, the policy of peace would easily become an indiscriminate vociferation of high-sounding but meaningless principle, devoid of any practical value; while to resort to war without first achieving a united front among ourselves would only hasten our own ruination.

"This, the lack of unity, has been perhaps the cause of all our past failures, and, we will have gained inestimably if we can only shun this fatal track hereafter.

"6. In union lies strength: and in unity and co-operation lies salvation. Not only between our comrades, but between the Government and the people, between the Central and local authorities, unity and harmony should be the cardinal principle. Internecine strife between different local factions arising out of conflict of interests is especially to be discountenanced. Those who do not hesitate to incur the opprobrium of being the aggressors (in civil war) are only hastening their own extinction."

Dr. Lo Wen-kan, Minister of Foreign Affairs, in his statement reiterated his declaration of August 28 last that the settlement of the present situation must necessarily be compatible with the letter and spirit of the Covenant of the League of Nations, the Anti-War Pact and the Nine-Power Treaty as well as with China's sovereign power and which will also effectively ensure permanent peace in the Far East. While the means of settlement may change with circumstances, the underlying principles will remain the same. This, and this only, is the Government's fundamental policy.

Of far greater significance, indicative of the reactions of the Chinese people, were reports from various parts of China indicating the inauguration of fresh campaigns for funds for the assistance of the Manchurian volunteers and loyalist troops which are now engaged in a life and death struggle with the armies of Gen. Muto. On Oct. 23 and 24 drives for funds for the Manchurian volunteers were launched in Canton, Hankow and Peiping while there was an intensification of the campaign which has been in progress at Shanghai for many weeks. A *Reuter* report from Canton stated that the drive in that city had as its objective the raising of a fund of $1,000,000 for the purchase of winter uniforms for the volunteers. In Peiping and Hankow similar campaigns are in progress, while a *Kuomin* report from Nanking stated that Chinese residing overseas had contributed more than $10,000,000 toward the National Salvation Fund since Sept. 18 last year when the Japanese intervened at Mukden. Of this sum, $2,000,000 had been received by the National Finance Commission while the remainder had been remitted directly to the various anti-Japanese armies and volunteer units.

Japanese Forecast More Chinese Political Chaos and Turmoil?

OFFICIALS connected with the National Government as well as spokesmen of factions not represented in the central government all give assurances that nothing is likely to happen to disturb the present situation for several months, some however, qualifying their assertions with the statement, "at least not until next spring." Officials and political and military leaders responsible for these statements either are in Shanghai or have been here in recent days conferring with each other in connection with the departure last week of Wang Ching-wei, late president of the Executive Yuan, who has gone to Germany for medical treatment. The departure of Wang Ching-wei, popularly known as the leader of the Left Wing in the Kuomintang, was a major Chinese political event, for it had been preceded by his sensational charges against Marshal Chang Hsueh-liang on the score of "military feudalism," following which charges Mr. Wang had retired from his position in the Government. The fact

that Mr. Wang had resigned from the Government and had been unsuccessful in forcing the resignation of Marshal Chang Hsueh-liang, naturally aroused considerable skepticism as to the real purpose of Wang's decision to go to Europe, some claiming it constituted a political move against Gen. Chiang Kai-shek. However, the publication of an official report by the German and Chinese physicians attending Mr. Wang, indicated that the late head of the Executive Yuan is really ill and further assurances on the political angle were provided by a statement from Mr. Wang prior to his departure on Oct. 22, to the general effect that in his opinion Gen. Chiang Kai-shek's present policies are to the best interests of the Government and nation.

But while Chinese political and military leaders are giving assurances of political stability for a considerable period, the Japanese newspapers and officially inspired news reports tell a quite different story, the gist of which is to the effect that a major blow-up is imminent. The fact that the Japanese are preparing to concentrate their energies at Geneva on an exposition of Chinese political turmoil as an excuse for Japanese military activities on the continent, naturally leads one to believe that Japanese thought on the subject may be somewhat biased, meaning by this that the Japanese probably would shed no tears if the Chinese should again begin shooting up the landscape, and preferably either before or during the Geneva meeting. Elsewhere in this issue of *The Review* appear articles dealing with Japan's probable policy at the forthcoming Geneva meeting, but it is significant that the Japanese Foreign Office recently has circulated over the world two voluminous documents dealing with "Present Conditions in China—with Reference to Circumstances Affecting International Relations and the Good Understanding between Nations upon which Peace Depends." Volume 1 is devoted to conditions in China proper, while Volume 11 deals with the Relations of Japan with Manchuria and Mongolia. The two volumes contain some 900 pages divided into chapters dealing with the following subjects:

1—The Anti-Foreign Spirit in China, including spirit of exclusion and contempt of foreigners; nationalist revolution and anti-foreign movements; students' role in anti-foreignism; influence of the Third International on foreign policies of Central Government; anti-foreignism in the universities, etc., etc.

2—Disregard of treaties as a means of excluding foreign influence; boycott of foreign goods; anti-foreignism and utilization of third power; China's "masterly" propaganda; illegality of the boycott, etc., etc.

3—Effects on Japan of anti-foreign movements; relation between anti-Japanese movement and Japan's right to exist; Japan's special relations with Manchuria and Mongolia.

4—Lack of unity and chaotic conditions prevailing in China; historical background of Chinese disunity; reasons for disunity; disunity and militarist domination; regime of private crimes of war-lords; military domination and political confusion; extortion of the war-lords; misrule of the Changs in Manchuria; personal conflicts and civil wars; regular soldiers and bandits: bandits in Manchuria; bandits in Kwangtung; injuries occasioned by bandits on foreigners other than Japanese; brigandage and Chinese international relations, piracies, lists, of, etc., etc., etc.

These two volumes, probably constitute the most searching indictment of one nation ever issued from the foreign office of a neighboring state, except in time of war. As a matter of fact the declarations remind one of the various official "papers" which were issued by the contending Powers during the course of the World War and as such are significant of the war-feeling, or at least war-party propaganda, now prevalent in Japan. But this official document of the Tokyo Foreign Office dealing with political conditions in China which will constitute Japan's "major-offensive" at Geneva, does not tell the whole story of Japanese reactions with regard to current political tendencies in the Chinese Republic. For a considerable period the official Japanese news services have been forecasting a "separatist" movement in North China which would be anti-Nanking and pro-Manchukuo, the latest being a *Rengo* dispatch from Tokyo dated Oct. 23 which alleged political significance in the so-called "grand prayer-meeting," which was conducted by the Panchan Lama in Peiping, which was attended by members of the old Anfu Clique, including Tuan Chi-jui, Gen. Wu Kwang-hsin, Marshal Sun Chuan-fang, and others. In addition to these reports the *Osaka Mainichi* on Oct. 12 published on Page 1 under a two-column heading a report alleging, "Chiang Kai-shek is building a Fascist stronghold with Hankow as the center." This report, which appeared as a dispatch under a Hankow date-line, claimed that Gen. Chiang Kai-shek was making plans to become the "Mussolini" of China. Then there was a further report that Gen. Chiang had formed a secret political organization known as the "Blue-Shirt Society," which was Fascist in purpose and directed against his political opponents.

Dr. S. Washio, well-known Japanese political correspondent for the *Japan Advertiser* (Tokyo) on Oct. 12 contributed an article dealing with political conditions in China, which, because of its sensational charges is deserving of close perusal in China. The article follows:

> Not only, there is a strong opinion in Japan that the suggestion made in chapters 9 and 10 of the Lytton Commission's report should be simply ignored but in China also they are virtually ignored in the declaration of The Blue Shirt Society, a Fascist organization of Chiang Kai-shek, in which temporary abandonment of Manchuria is advocated, and Sun Fo's rejoinder in which disillusionment of relying on the League is plainly expressed.
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> The declaration of the Blue Shirt Society is very frank. It says that China internally disorganized and menaced by the growing power of Communists is not in a position to go to war with Japan and if so she would find herself isolated since neither Russia, America, Britain, France nor Italy would be drawn in to assist China. Therefore, concludes the declaration, abandon Manchuria temporarily and attend first to problems at home, that is to bring unity out of the prevailing chaos. The Blue Shirt Society proposes to do it by emulating the example of Italy.
>
> **Reply to Chiang**
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> Sun Fo's rejoinder to this declaration issued on the next day is in fact a reply of the Canton Faction to Chiang Kai-shek. Sun Fo previously said that if China would go to war with Japan she could ultimately draw America into it. But in this rejoinder he confesses that he has begun to doubt both the intention and ability of the League of Nations to intervene against Japan. But the idea of abandoning Manchuria, he goes on, is unpermissible. He concludes with a scarcely disguised political shaft aimed at Chiang Kai-shek when he says that China must

rely on her own strength to recover the lost territory and urges the Central Government to continue its policy of resistance.

Thus the two conclusions are diametrically opposed, but both declarations are united in not believing in the League of Nations and discrediting the recommendations of the Lytton Commission. Outside Chiang Kai-shek and the Canton faction, the Nanking Government is but a name and whatever its nominal representatives at Geneva may say will be the voice of a fictitious entity. Another practical influence in China is Chang Hsueh-liang. But it goes without saying that the recommendation of the Lytton Commission are disappointing to him. He hoped for a restoration of the *status quo ante*, but the Commission's report condemns it as impossible. His Peiping Council has therefore already voiced opposition to the suggestion of the "advisory conference" in the report. At the same time Peiping political circles criticize the Canton faction as responsible for influencing the Lytton Commission with the idea of a demilitarized autonomous Manchuria under China's nominal sovereignty.

Chang Hsueh-liang has ample reason to make this criticism. For it was Eugene Chen who first suggested the idea of a demilitarized Manchuria. He suggested it to Baron Shidehara before the outbreak of the Manchurian incident and it was then patent that his primary motive was to eject from Manchuria Chang Hsueh-liang, who was an ally of Chiang Kai-shek. Sun Fo now fears that the advisory conferference suggested in the Lytton Commission's recommendations would practically result, if it could be realized, in giving a mandate to Japan. But when Eugene Chen proposed demilitarization of Manchuria to Baron Shidehara he asked in return Japan's recognition of the Canton Government which had just declared independence from Nanking. He proposed it in the sense of giving Japan a free hand in Manchuria, but Baron Shidehara dismissed his proposal with a laugh. The Canton faction may have suggested the same idea to the Lytton Commission with the object of checkmating Japan. For that purpose the idea of international control may have been added. In either case Chang Hsueh-liang would feel that the Canton faction played its game at his expense.

Nominal Sovereignty Suggested

Again, before Japan recognized Manchukuo, Wang Chin-wei suggested to Japan (and probably simultaneously to the Lytton Commission) the idea that China would be satisfied if she could keep nominal sovereignty over Manchuria. His suggestion was followed by his indictment of Chang Hsueh-liang. Obviously it was meant as a friendly gesture to Japan. But Japan remained unmoved. Although there was a suggestion that if China would withdraw the Manchurian dispute from the League of Nations and make it an exclusive problem between the two countries, Japan should consider Wang's proposal. In the Lytton Commission's recommendation Wang's proposal is changed to China's nominal sovereignty under international control. Here again in either case Chang Hsueh-liang has reason to feel that he has been out-played by the Canton faction.

It is ironical that the Canton faction that was thus successively bidding for Japan's friendship has now turned out to be the chief spokesman for continuation of hostilities, while Chiang Kai-shek, an ally of Chang Hsueh-liang in China's domestic politics, has come around to advocate abandonment of Manchuria. But the explanation of this irony is obvious: The Canton faction has simply sold to the Lytton Commission what it tried to sell to Japan and was turned down. The object of its game was not Manchuria but Chiang Kai-shek. On the other hand Chiang Kai-shek's change of attitude has been dictated by his realization of the obvious hopelessness of Chang Hsueh-liang's position and as a tactic of self-defense against the Canton faction.

That this change of Chiang's attitude was imperative was illustrated by the Shanghai incident. Realizing that bidding for Japan's friendship was useless the Canton faction resorted to tactics to force Chiang Kai-shek into a ruinous war with Japan. That was the meaning of the Shanghai incident. The Canton faction had just gone to Nanking only to find that Chiang Kai-shek whom it hoped to replace still retained real power. The outbreak of the Shanghai incident was preceded by the rupture between the two over the Manchurian problem, the Canton faction advocating war with Japan and Chiang Kai-shek standing out against it. Chiang knew that the real object of this apparently insane advocacy of the Canton faction was not Japan but himself. It was not from any hope of winning against Japan but in order to exhaust Chiang Kai-shek's military strength. The Canton faction had to make an exit from Nanking sooner or later and chose this popular issue to precipitate the impending rupture with Chiang Kai-shek. The Nineteenth Route Army was instigated by Eugene Chen and Sun Fo in the hope of ultimately drawing Chiang Kai-shek into a war with Japan. That was the Shanghai incident viewed from the inside of China's domestic politics. But it failed. Chiang could not be caught so easily. Sun Fo's rejoinder to the Blue Shirt Society's declaration shows that he is still inclined to use the same tactic as Chiang Kai-shek. Not only that but he hopes also to extend this game of domestic politics internationally and draw America into it.

The advocacy of abandonment of Manchuria by the Blue Shirt Society is a bold declaration that could not be made at the time of Shanghai incident. But it was the logical antithesis to the Canton faction's provocative policy. The Blue Shirt Society is Chiang Kai-shek's latest creation, although he does not appear formally as its head. The nucleus of it is composed of military officers whom Chiang trained in the Huangpu Military Academy in his Canton days and reinforced by his products in the Central Military Academy at Nanking. Its membership is said to reach 300,000. It is the Fascist youth from within the Kuomintang who believe in military dictatorship of Chiang Kai-shek. It aims against two enemies, Communists and the left Kuomintang represented by the Canton faction. Since his Canton days, Chiang Kai-shek showed himself a genius for coups. In Canton he rose to power almost overnight by a series of coups against senior leaders of the Kuomintang left by the late Dr. Sun Yat-sen. In Nanking he made himself famous by his anti-Communist coup. The Blue Shirt Society is organized as an instrument for launching the third and greatest coup he has yet attempted. In China rumor is rampant that a large number of assassinations is already planned to scare the Canton Faction leaders out of existence.

All this tends to show that while the Lytton Commission idly speculates on "international co-operation" for China she is heading domestically toward another period of chaos and upheaval greater than any we have yet seen in her troubled modern history.

Of still further interest in connection with Dr. Washio's allegations regarding Eugene Chen's conversation with Baron Shidehara in the summer of 1931 (after the Wanpaoshan incident, but preceding the Japanese occupation of Mukden) was an editorial in the *Japan Chronicle* on Oct. 22 which alleged that Eugene Chen proposed on behalf of the Canton Government that Manchuria should again be declared an integral part of China, but that it be policed entirely by the Japanese and completely demilitarized. Mr. Chen was quoted as telling the Japanese that this was the final opinion of the late Dr. Sun Yat-sen.

The only certain thing about present Chinese political developments, aside from their obvious uncertainty, is that practically everything revolves about the Manchurian issue. An example of this was evident in a brief dispatch by *Rengo* from Canton on Oct. 12 alleging that Hu Han-ming, ousted Kuomintang rightist, had announced his intention of creating a new party which will be "pro-British," as an offset to what Mr. Hu claimed was Sun Fo's "pro-Soviet" policy and Gen. Chiang Kai-shek's "pro-Japanese" policy. A further report by *Reuter's* correspondent at Canton, however, stated that there was little pros-

pect of Hu Han-ming and his conservative Kuomintang associates becoming active in the near future, despite the fact that Dr. C. C. Wu, a Hu Han-ming adherent had gone to Peiping alleged y for a conference with political and military leaders in that section. As the situation stands today there are six more or less clearly defined political groupings aside from the communists. They are,

1—Chiang Kai-shek—Chang Hsueh-liang and the present Nanking Government group.
2—Sun Fo—Eugene Chen and associates.
3—Wang Ching-wei and associates, many of whom are connected with the Nanking Government.
4—Feng Yu-hsiang—Yen Hsi-shan group in the North, which includes Han Fu-chu, governor of Shantung.
5—Hu Han-ming, group in the South which includes Tsao Lu, Hsiao Fu-cheng and Teng Tse-yu.
6—Chen Chi-tang and associates who control the Canton Government.

Most of the reports pertaining to impending political developments of a sensational nature have resulted from the presence in Shanghai of large numbers of military and civilian leaders from all parts of the country and representatives of practically all factions. As stated in the opening paragraph of this discussion these reports have ranged all the way from assurances that there will be no trouble for many months to the sensational Japanese reports that a blow-up is like y at any time. Prior to his departure from Shanghai, Wang Ching-wei issued two reassuring statements, one dealing with the Lytton Report and the other with domestic politics. With regard to the domestic political situation, Mr. Wang issued a joint statement with Gen. Chiang Kai-shek urging the convocation of the Third Plenary Session of the Central Executive and Central Supervisory Committees of the Kuomintang for the purpose of discussing affairs of state, including the status of the Executive Yuan which occupies a position in the Government similar to cabinets in other lands. Since nothing was said in the statement regarding a successor for Mr. Wang as president of the Executive Yuan, it has been assumed that T. V. Soong, Minister of Finance will remain as acting chairman pending the convocation of the Third Plenary Session which is scheduled for December 15. In reference to the Lytton Report, Mr. Wang justified the action of the National Government in cooperating with the League and expressed the view that the Powers represented in the League will do their best to uphold peace and justice. Finally he urged unity in the country and cooperation between the Government and the people in the present crisis. In connection with his remarks regarding unity, Mr. Wang issued a further statement regarding the pernicious effects of "feudal militarism," and expressed the view that public opinion finally will cause the provincial military chieftains either to cooperate with the central government or relinquish their posts.

Of outstanding political interest, second only to that of the Manchurian crisis as a cause of domestic discord, is the communist situation. The power of the red military commanders apparently has been broken in the central provinces north of the Yangtsze, including Hupeh and Anhwei, hence interest now is concentrated in the combined efforts of Gen. Chiang Kai-shek, the 19th Route Army and the Cantonese forces in the final stages of the campaign in Kiangsi province. According to a *Reuter* report from Foochow, Gen. Tsai Ting-kai, commander of the 19th Route Army following the consolidation of his position in Fukien province, has now launched a drive against the red armies which occupy western Fukien and the border districts between Fukien and Kiangsi provinces. Two divisions of the 19th Route Army have been sent to attack the red stronghold at Lungyen and according to the report Cantonese troops are also cooperating in the attack. Of further interest in connection with the final stages of the anti-red campaign was the arrest in Shanghai of Chen Tu-hsiu, one of the founders of the Chinese Communist Party, but who allegedly was expelled from the red organization because of his affiliation with the so-called "Trotsky" faction. Chen was arrested in Shanghai together with a number of other communists and was sent to Nanking for trial. On Monday of this week Dr. Tsai Yuan-pei, head of the Academica Sinica and a number of other scholars, sent a telegram to Nanking asking clemency for Chen Tu-hsiu on the ground that he was one of the founders of the Kuomintang party prior to his affiliation with the red group and pointing out that while Chen is an avowed red, he is an enemy of the so-called "Stalin" communists who are active in central China. The disclosures in connection with the arrest of Chen Tu-hsiu have indicated that the Chinese Communist Party apparently possesses little more unity than other political groups in China. There have been reports in the Chinese newspapers that Chen may be sent to Hankow for a conference with Gen. Chiang Kai-shek.

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Shantung Situation Becomes More Serious

Although the indications last week were that the situation in Shantung had been stabilized through the practical elimination of General Liu Chien-nien, who from his headqurters in Chefoo had wielded a decided influence in the Province for four of five years, the situation has in the meantime become more complicated, although it was semi-officially denied by a Nanking spokesman on October 26 that the Central Government had decided to dispatch troops to compel General Han Fu-chi to accept the terms of settlement between him and General Liu as proposed by Nanking last week. General Ho had, however, shown a recalcitrant disposition in that he threatened to resign unless General Liu were eliminated entirely. A telegram from Peping Oct. 25 stated that General Chiang Kai-shek had dispatched a telegram to Marshal Chang Hsueh-liang urging him to handle the Shantung situation and to urge General Han to carry out the withdrawal orders of the General Government. General Han's representative. General Liu Hsi-chung, interviewed the Young Marshal at Peiping Oct. 24 and transmitted the Shantung warlord's views regarding a settlement of the dispute. In the meantime, members of the Shantung Provincial Committee wired to General Chiang Kai-shek, Lin Sen, T. V. Soong, and Marshal Chang Hsueh-liang appealing for a fairer settlement of the dispute than the arrangement which General Ho Ying-chin, Minister of War, instructed the belligerent Generals ta carry out. This arrangement was that General Han should withdraw his forces west of the Wei River and General Liu withdraw to the eastern part of the province, leaving a demilitarized zone between them to be controlled by police,

The Provincial Committee's message charged General Liu Chen-nien with oppression of the people and imposition of extortionate taxes and levies. It contends that as the measures of settlement announced by the Ministry of War provide virtually for a restoration of the *status quo ante*, they obviously run counter to the desire of the people and would therefore cause bitter disappointment to the distressed masses who have been praying for deliverance. The telegram points out that General Han Fu-chu had already surrounded the remnant forces under General Liu Chen-nien at Laichow and Laiyang. To restore to General Liu his garrison area in eastern Shantung would not only nullify the results of General Han's efforts but prolong the sufferings of the people, it is contended.

"With our powerful enemy still menacing North China, any untoward development in Shantung might easily precipitate a grave crisis," the telegram says. A definite settlement, conformable with the desire of the people, is urged in order to set the people's minds at rest.

Regarding measures of settlement for the eastern Shantung situation, General Ho Ying-chin, Minister of War, was quoted in Nanking telegrams as saying that the forces of General Liu Chen-nien being now surrounded by General Han, General Liu could not leave Shantung, even should the Central Authorities order him to do so. The question of transfer of General Liu's garrison posts cannot be solved until General Han withdraws his forces and raises the siege. General Ho Ying-chin is in daily communication with General Chiang Kai-shek in connection with the situation. General Han is incidentally being urged to remain in office.

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Long Struggle Foreshadowed in Szechuan

As regards the troubles in the far off province of Szechuan, the military authorities there have suggested that a conference be held at Juining as a means toward the settlement of pending disputes. A Western Border Defence Alliance Conference was held at Nanking Oct. 24 for the discussion of various problems relating to the western provinces. Over 200 persons, composed of Nanking residents from Kansu, Kokonor (Chinghai), Hsikang, Tibet, Szechuan, Ninghsia, Shensi, Yunnan, and Kweichow, were present. Two main questions were brought up: one regarding national defence and the other dealing with the relations of Tibet, Hsikang and Szechuen. Voicing deep concern over conditions along the western frontier, the conference decided to petition the Government to take steps for the early settlement of the various disputes in the western provinces. The drafting of comprehensive plans for border defence, organization of a western border defence force and development of industries and communications in that part of the country are to be urged upon the Central Government.

Regarding Tibet, a telegram is to be dispatched to the Dalai Lama requesting him to call a halt to aggressive activities. The Government will also be petitioned to send competent delegates to Tibet to propagate the Party doctrines and assist in the education of the Tibetans.

For Hsikang, a Provincial Government is proposed. Steps should also be taken to improve Party administration and develop education in that province, according to another decision of the Conference.

To eradicate the cause of internal disorder in Szechuan province, the Conference decided that drastic reforms should be effected in the present system of government by debarring military men from holding civil posts. It was also proposed that picked units of the Szechuan Provincial Forces should be sent to the border by the Central Authorities for national defence purposes.

Little hope is now entertained in Nanking for a swift conclusion of the Szechuan war. Heavy fighting continued during the week along the Kialing River. Despite the retreat of General Liu Wen-hui's forces from Shunking the combined armies under Generals Loo Chih-chuan and Yang-sen are pursuing with General Tang Shih-tseng and Pan Wen-hwa leading, another army of General Liu Hsiang attacking the retreating units from the left flank. Generals Sang and Pan, it is reported, have been given 20 heavy field guns and more than 300 cases of ammunition.

The retreating units of General Liu Wen-hui at last reports were concentrated at Suining, where the peace conference was to have taken place. General Liu has meanwhile consolidated his positions and is again ready to make a stand against the approaching forces.

Upwards of 150,000 soldiers are engaged on the front lines in the Szechuan warfare, recent reports stated. Heavy casualties are reported daily. Military observers consider the present warfare one of the biggest in the history of Szechuan province and foresee more extensive developments unless effective measures are taken to check the spread of the hostilities.

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Fukien Situation Improves

In Fukien province the outlook is a little more encouraging. The Nineteenth Route Army is doing yeoman service in suppressing the malcontents and after having carried on a successful campaign against the First Mixed Brigade of provincial troops, it is now turning its attention to the communists in West Fukien province in pursuance of the intention of General Tsai Ting-kai to bring the entire province under the domination of his army. The army has now sent an expedition against the 12th Communist Army under General Lo Ping-hui, whose forces are concentrating at Lungyen, West Fukien. General Tsai Ting-kai and General Ou Shou-nien have left for that region to direct the campaign.

General Tsai, famous as the defender of Chapei and Kiangwan, has ordered both the 49th and 60th divisions to participate in the operations against Lungyen. Cantonese forces are operating in conjunction with the 19th Army, forces from Kwangtung province moving towards Lungyen from the west.

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Japanese Extend Scope of Operations in Manchuria

As regards the situation in Manchuria there has been little change except that with the coming of winter and the harvesting of the crops, particularly the kaoliang, which has served as excellent ambush for the raids of the Volunteer-bandits, the Japanese have extended the scope of their operations and apparently with some success. The Japanese reports say that the many of Volunteers are in a sorry plight owing to the shortage of winter clothing and food. The Japanese reported the routing of a large group of Volunteers northwest of Cheintungwei on October 24. On the other hand the Chinese claim a victory at the city of Hsinmin, west of Mukden, where the Volunteers were stated to be in complete occupation. The Japanese are more and more employing armored cars to scour the country, not only for the sake of routing bandits, but also to escort caravans carrying grain and other supplies for transhipment by railway. In some cases it is stated the armored cars are themselves used as transport conveyances.

A *Reuter* telegram from Harbin Oct. 25 stated that two severe encounters between anti-Manchukuo and Japanese troops were reported in dispatches received there. The first clash saw 1,500 troops, with cavalry, launch a sudden attack against the Japanese positions at Hurhura, the object being to storm the Nonni River railway bridge, the scene of the battle between General Ma Chan-shan and the Japanese last year. The anti-Manchukuo troops were unable to attain their objective, for the Japanese forces counter-attacked and dispersed the enemy after two hours of heavy fighting. A feature of the struggle was the use by the anti-Manchukuo troops of hand-grenades, it being the first occasion in which they have been used by the forces operating against the Japanese. The origin of the grenades is not known.

According to Japanese reports, a body of 1,500 anti-Manchukuo troops attacked Koshan and were routed by the Kurota detachment, which pursued the defeated men in an attempt completely to suppress them. The losses of the anti-Manchukuo troops are placed at 200 killed, while the Japanese losses are given as only two killed and one wounded.

Reporting on the situation along the Jehol-Liaoning border, General Tang Yu-lin, Chairman of the Jehol Provincial Government, in a telegram to the Peiping Authorities, October 22 stated that 200 Japanese soldiers are now stationed at Tungliao, the junction of the Tahushan-Tungliao Railway and the Liaoyuan (Chengchia)-Tungliao branch of the Ssupingkai-Taonan Railway. The Chinese Volunteers, he reported, captured Fuhu and Kangping, respectively 60 and 75 miles north of Shenyang (Mukden). Taonan is still being garrisoned by the puppet Manchukuo units under Chang Hai-peng. Both the Kirin and Heilungkiang Volunteers are growing increasingly active.

A peculiar situation exists at Manchuli where General Su Ping-wen, commander of the railway guards on the Western section of the Chinese railway, after revolting several weeks ago has been holding more than two hundred Japanese as prisoners. A Moscow telegram Oct. 23 stated that Soviet Russia has been acting as a friendly intermediary for Japan ever since General Su Ping-wen revolted. After the seizure the Japanese were completely cut off from the East and the Soviet consul thereupon began work in their behalf, even lending sufficient money to support the refugees in the Japanese consulate at Manchuli. He then began negotiating with General Su for the evacuation of all the refugees—at last reports without result.

The armed Japanese immigrants who recently settled at Kueimouszu, Kirin, have already begun work on an airdrome and landing field, with the object of maintaining air communication with Harbin after the River Sungari freezes next month, thus permitting planes to land on the ice.

Feng Yu-hsiang, the Enigma

In the meantime, not only the various Chinese military chieftains, but also the Japanese, are anxiously

(Continued on page 401)

Japanese Empire's Imposing Facade Hides Perilous Domestic Situation

BY HARRY PAXTON HOWARD

THAT Japan is in a most serious predicament, economically and socially, is the conclusion of distinguished scholars who have made a careful study of the situation there. Today indeed, there is growing recognition of the seriouness of the situation. Years ago, however, it was becoming plain to keen observers that the imposing facade of the Japanese Empire hid from view a most perilous internal condition, in which only the most rigid retrenchment, the greatest care, and drastic measures for improvement, could save the situation. Studies made a year or two ago, before the subject was complicated by the present dispute with China, and by the feelings aroused by this dispute, are of special interest and value today.

One of the most important and valuable books which appeared on the verge of the conflict is the economic and financial appraisal of Japan written by Harold G. Moulton under the auspices of the Brookings Institution, and published in September last year.* This scholarly work is in four parts: Introductory, Economic Development, Integration and Interpretation, and Problems and Policies Today.

The New Japan

The Brookings Institution, "devoted to public service through research and training in the humanistic sciences," has already produced a number of valuable economic studies, among which this work on Japan will rank high. In the preparation of this book Mr. Moulton had the collaboration of Junichi Ko, of the Bank of Japan, and all facilities of the Bank's research department, as well as of various government departments. This gave him access to a wide range of statistics, and the tables in the appendix to this book are of great value. His conclusions are of course his own.

Moulton deals with the economic development of the new Japan, taking into consideration the utilization of natural resources, the development of transportation, public utilities, industry, domestic and foreign trade, domestic and public finance and international financial relations, and the wealth and income of the country. He outlines the development of Japan's modern economy and its present position. Careful study of facts, and figures, and tables and diagrams, make it a most valuable work.

The author finds that "in terms of aggregate national income, Japan compares favorably with Italy and France, but by virtue of the much denser population in Japan the per capita income is very much lower. It is only about 63 per cent that of Italy, about 28 per cent that of France, one-third that of Germany, and less than one-fourth that of Great Britain." His conclusion from the full data at his disposal is that "the opening up of the country to foreign trade and the adaptation to Japanese requirements of occidental institutions and methods has resulted in a doubling of the population during a period of sixty years and a more than proportional increase in national wealth and income. This favorable production record is, however, in no small degree the result of adventitious factors and of policies which, while temporarily stimulating to production, are in the long run economically detrimental."

The End of an Epoch

The year 1919, says the author, "marked in Japan the end of an economic epoch," quite regardless of the world depression. The year 1927 had "marked the beginning of a period of financial reckoning which was completed three years later with the resumption of the normal functioning of the international exchanges and the decision to balance the government budget and live within the nation's capacity." (But this decision has since gone by the board. In the face of the most urgent necessity of retrenchment, the military have gone their own way. The new epoch, therefore, is inevitably one of decline, though the author, writing in 1931, did not envisage this utterly irrational turn of events.)

The Japanese bureaucrats who controlled the development of the new Japan after the Restoration were perhaps, the author notes, "the first modern nation planners and builders on a comprehensive scale." Half a century before the Bolsheviks started their national planning, the civil bureaucrats of Japan "set up a series of national objectives, political, social, and economic and then proceeded in systematic fashion to develop the ways and means for reaching the ends in view." These statesmen "conceived their program as one which would, while making the nation strong from a military point of view, at the same time provide material well-being on an expanding scale for a rapidly growing population. In general, policies have been directed toward building an industrial and trading nation rather than leaving the country dominantly agricultural." That the policy was in the main successful there is no doubt. But the deeper question which faces the economic observer is: "Was such a course calculated to advance the ultimate economic well-being of the nation as a whole, or was it merely winning short-time results and entailing disproportionate long-time burdens?" Mr. Moulton's answer to his own question is a cautious one.

The country, he finds, has been living much beyond its means. Its foreign indebtedness, in proportion to income per person, is the highest in the world. Surpluses gained through the brief period of war prosperity were squandered recklessly. In the face of growing depression and unemployment, dividends of thirty to forty per cent to stockholders continued, often at the expense of adequate depreciation accounts and reserves. With the more rational policy embarked upon in 1927, however, an improvement could be looked forward to.

A Somber Future

As for the future, Moulton points out, quite correctly, the falsity of the argument that Japan's scarcity of raw materials is a serious obstacle to her playing a leading industrial role in the Orient. The great textile industry of Britain, the rubber industry of the United States, and many industries of poorly endowed Germany, Switzerland, and Italy are most effective replies to this. A more serious question, however, which Moulton does not take up, is whether such expansion is possible today. The industry of Britain, of Western Europe generally, of New England and the eastern States of the U. S. generally, of Japan during the past half-century, rested upon big exports of manufactured goods to countries or territories which lagged behind in industrial development. It is clear, however, that industrial technique is spreading throughout the world, and the present crisis makes more clear than ever what economists have been noting ever since the war—that the old era of industrial prosperity resting upon the industrial backwardness of other nations or areas is at an end.

Moulton does not deal with this at all, and may therefore be fairly said to belong to a rather optimistic school in his assumption that what was possible for Britain, Germany, and Italy before the war is possible in some degree for Japan today. Even so, however, his conclusion is filled with foreboding: "The increased effectiveness of the present economic organization of Japan over that of feudal days has permitted a doubling of the population in sixty years and its support at higher levels of living. But the continued rapid increase of population in recent years now

*Japan: An Economic and Financial Appraisal. By Harold G. Moulton, with the collaboration of Junichi Ko. The Brookings Institution, Washington, D. C. 1931.

threatens the maintenance of these standards. Unless the rate of population growth is restricted, and restricted soon, the social outlook for Japan will present itself in somber colors."

The Population Problem

As to the restriction of population growth, the careful statistical study made by Crocker in his work on the Japanese population problem gives little hope for the near future.* Crocker finds not only that the Japanese population is increasing more rapidly than ever before, but that it is bound to continue to do so for decades to come, in spite of the fact that the new generation of Japanese women are having less children than their mothers had. The reason for this apparent anomaly lies lies in the fact that the great increase in population during the past generation means that there are more women of child-bearing age than ever before, and the numerous children born during the period of greatest fecundity—the first two decades of this century—are now approaching maturity, and even though each woman has less children than her mother had, the sum total of births for the nation will be greater. Illustrative of this Crocker brings forth census figures showing changes in Japanese fecundity. In 1898, with 2,385,000 married women of 15 to 29 years (the most prolific age), there were 1,494,000 births, or an average of .62 to each. In 1908 there were 2,412,000 women in the same class, with a total of 1,824,000 births and an average of .76. It was during the war period that the maximum was reached and a decline in fecundity began, and in 1918 the total of married women in the age-class mentioned showed an average of .73 births, with a total of 1,934,000. In 1925 the number of women in this class was 3,923,000, and the *average* number of births had fallen sharply—to .56 each. The *total* number of births, however, was 2,210,000. With a falling birth-rate (per married couple) the population is increasing more rapidly than ever before, and the net increase now amounts to about a million yearly. The situation, indeed, presents itself in somber colors, as even the relatively optimistic Moulton notes.

Halcyon Days Are Over

Crocker is not American but British, and sees the future of industrialization in far less reseate colors than does Moulton. Crocker, after a careful and scholarly analysis of the economic situation and its prospects, declares:

"The halcyon days of the industrializing country that nineteenth-century England knew are gone for ever. Not nineteenth-century England, but England of the post-War years must be (Japan's) mentor..... Japan will have to thread her way through the shrinking courses of twentieth-century foreign trade, with markets disappearing here because of the rise of industry in the formerly importing country, and disappearing there because the more richly endowed resources of a competitor enable it to sell at cheaper prices; she will have to bear the burden of higher production costs, or a persistent tendency to higher production costs, due to her poverty of industrial resources, the paucity of iron ores and the poor quality and dear mining charges of her coal, as well as a dependence on concessions in Manchuria that will be liable to challenge from Chinese Nationalism; she will have to scale obstacles that may rise in her way not once but again and yet again in the need to reshape her industrial activities, as in changing over from producing raw silk for America to producing rayon for the Orient, obstacles possibly so hazardous as to be beyond her powers of endurance; for all the time her mind will be a prey to the anarchy that comes from the wreckage of faiths no longer held and from traditions' of milleniums' growth dissolving in new modes of life, strange ideas of alien import, and an atmosphere where the loyalties to Family and the Tenno, and where the old restraints and the calm of the rice-fields are broken...."

Difficult as the course is, however, Crocker regards it as "not hopeless." But as regards the growing population, promotion of emigration is an imperative necessity. Admitting that all Japan's ships, working throughout the year, could not transport a surplus million persons a year overseas, yet the emigration of a few hundred thousand would give hope to the others, "would serve as a safety valve.....and...save the country from that paralysis of despair that has descended on the English unemployed and left them with a life that is but death."

Special Pleading

It is regrettable that this careful and competent analysis of Japan's economic and population problem should be utilized for the purpose of special pleading for Japan's expansion at the expense of other countries. At the very beginning of the book there are references which show that the author has been very thoroughly prompted by Japanese official apologists, as when he remarks that owing to the kindliness and courtesy of employers and landlords the doctrine of the class struggle is "peculiarly unsuited to Japan," and Japanese labor leaders must "develop more originality, and.. ..evolve a program of their own and one that has some relevance to the conditions of Japanese life." For this alien, who gives no evidence whatever of ever having had any first-hand contact whatever with Japanese labor, or worked as a wage-earner for Japanese employers, to tell Japanese labor leaders that their ideas are alien, and lecture them upon the attitude of Japanese employers as if he knew it better than they, is nothing less than extraordinary. Such remarks are at best extremely presumptuous, and are rather obviously inspired, as are a number of other things in the book.

At the end of the book one comes, with a shock, to see the author's remedy for the present situation. Industrialization is not altogether hopeless, and will help to some extent, and emigration is an imperative necessity. In order to aid emigration Japan should be given a protectorate or mandate over parts of Borneo and over some of the Southern Pacific islands where she could ship some of her surplus population.

Anticipating Japan's Course

But of most vital importance is Manchuria. In writing of this Crocker shows not only his official Japanese inspiration, but also more than hints of the action to come. No intelligent person can read the following lines, written in 1930, and fail to recognize the implications:

"In the event of any dispute arising over Manchuria, Japan, notwithstanding what government happens to be in power at the time, will pursue a very definite and predictable course there....Arrangements ought to be possible for satisfying what after all would be fairly moderate demands or requirements on the part of Japan.....Japan, in the event of a Manchurian crisis arising, might be given a mandate over Manchuria—or at least a part of Manchuria—from international society; or, if a mandate be not possible, then a protectorate under guarantees.....It is not easy to think of adequate reasons why Japan should not continue her hold over the mines of Fushun or Penhsihu in Manchuria, and why China should not withdraw such claims as it can adduce."

If Japan's claims are not granted by the western Powers, Crocker goes on, the world may be "menaced by an alliance between Japan and Italy and Germany and the ex-enemy group." The possibility of such an alliance, and of war, "is a prospect to avoid which will be worth every effort: utility rather than justice demands it."

Crocker, of course, is considering only Japan's distress. Apparently China has no rights worth consideration, and her own overpopulation and distress is of no consequence. It is a most extraordinary attitude for a British scholar to take, and one wonders if he took the same friendly and sympathetic attitude towards Germany's "right" to expand at other nations' expense eighteen years ago. Any attempt to solve the problems of one nation by utterly ignoring the rights of other nations simply raises new difficulties.

Fundamental Agreement

As regards the essential points, the condition of Japan in 1930/31, Moulton and Crocker's studies are in substantial agreement. Both find that Japan has been living beyond her means, and is in a most serious economic and financial position as a result, with a most menacing growth of population. Both agree that there must be some restriction on this growth of population, which is resulting in an actual decline in living standards, and increasing distress among the people.

Both agree upon the necessity of increasing industrialization, but while Moulton, with American

*The Japanese Population Problem: The Coming Crisis. By W. R. Crocker. George Allen and Unwin, London. 1931.

aptimism, apparently sees no serious obstacles to this, Crocker, with Britain's (and western Europe's) hard experience, recognizes that in the world of today this course is one of great difficulty. Both agree that the rate of population growth is a most serious menace, but Crocker points out statistically that there is no likelihood whatsoever of the early restriction which Moulton declares to be an absolute necessity. Crocker's book, indeed, is far the more hopeless of the two. He sees no possibility of Japan saving the situation by her own internal powers. She must turn to emigration, and to getting possession of other people's territory, to save the country from a "paralysis of despair," from the "sparks of the revolutionaries," and hence "preserve the tranquility of the country." This is, plainly, a philosophy of desperation.

Starting from Exhaustion

Neither of these books can be termed unfriendly to Japan. Crocker's, indeed, is distinctly pro-Japanese, while Moulton's outline of political conditions fails to show either the great independence and power of the military, the practically autocratic position of the Emperor, or the extreme centralization which denies even police powers to municipal and town councils. Their picture of the condition of Japan in 1930/31, therefore, is all the more impressive. Japan's militarists started out on their campaign last year from a basis of a country in a condition bordering on exhaustion owing to long-continued military burdens and persistent living beyond its income.

Since that time its condition has become far worse. Industrialization, the most urgent economic need of the country, has not only been checked but actually thrown back, and the greatest market for Japan's manufactured goods—China—in the first six months of this year imported thirty million yen less from Japan than in the same period last year, in spite of increased exports to Manchuria and North China. The only "emigration" of importance has been of young men in uniform, who however are proving an intolerable burden to Japan itself, and have already cost the country hundreds of millions of yen with no sign of their work being completed. As for balancing the budget, this now appears to be out of the question.

For those who point to "what Japan has done" as a splendid example for China to follow, these books of Moulton and Crocker may be recommended as a corrective, in spite of the distinct bias of the latter writer, and his frank consideration of "utility rather than justice." Japan's condition was undoubtedly serious even before the Manchurian occupation. As the descent of the yen shows, its situation is far worse today.

Peiping, Oct. 20, 1932.

Heaven and Imperial Japan Make No Mistakes!

BY LT. GENERAL SHIGERU HONJO

(Reprinted from Chuo Koron, Tokyo; translation from Japan Advertiser, Oct. 12).

LOOK within the country and without and know yet the Great Road which Imperial Japan must tread. Where can we find the means of livelihood except by first advancing on the continent of the Orient? Our neighbor China is of the same race and civilization and if we co-operate with the Chinese in a neighborly spirit and in a friendly manner it would mean the happiness not only for Asia but for the whole world. World peace ought to spring from the East.

This hope of the Japanese, however, has not been appreciated by the Chinese as it ought to be. An anti-Japanese tendency was permitted to develop, which since the republican revolution under Sun Yat-sen had become a political weapon. It is to be deplored both for the sake of Asia and the world.

Japan's Life-Line

The above statement applies to China proper. And now how about Manchuria, which borders on Japanese territory? Viewed from both an economic viewpoint and in the light of the requirements of our national defence, it is the life line of the Japanese, and its cultural development is not only of vital interest to the Japanese, but is a benefit to Manchuria itself. This is a self-evident factor, and the 30,000,000 people there ought to have been aware of this. But the military leaders there, drunk with the empty name of "revolutionary diplomacy" became blind to the real interests of the people; anti-Japanese agitation was permitted to poison the hearts of the innocent. Anti-Japanese sentiment was felt at one time far more than elsewhere. Antagonism changed to insult, with the result that every Japanese right came to be violated. The various treaties concluded since the Russo-Japanese War between China and Japan looked like so much waste paper.

Gentle and peace-loving as the Japanese were, they never forgot the great sacrifices which their elders had made for the maintenance of peace in Manchuria and Mongolia. The atrocties against the Japanese in the name of "revolutionary diplomacy" were beyond the limits of endurance. When I was ordered there for the first time, I was surprised to see that the antipathy between the two nations was far more intense than I had expected. The time was ripe for any untoward event to break out. A stone thrown by one party would have been sufficient to topple the tense equilibirum. When the atrocities at Wanpaoshan were committed by Chinese the Japanese still exercised forbearance. Major Nakamura was shot dead, and still the Japanese refrained from any antagonistic action. Then came the blowing up of the railway track near Mukden on the night of September 18, which meant the disruption of our railway line. The end of our patience had been reached. Like a thunderbolt the Japanese Army went into action. With the indignation of the whole nation at a climax, the incident near Mukden was nothing more nor less then a match which set off the fuse.

Nation is United

Faced with a nationally important problem, the Japanese always unite from top to bottom; that is the strength Japanese may well be proud of, for that is possible only when the whole nation is aware of the justic- lying behind such national action. When it starts, the whole machinery points in one direction only; the strengte of officers and men pushing on their way and the voice of the nation behind them, maintains a singleness of purpose which burns to blaze the Imperial trail.

Where justice and humanity direct, the Heavens lend their hands, where the Imperial light reaches out, there have been no mistakes. Our path has happily joined with those 31,000,000 people who while insulted and injured, did not choose the wrong path, while Manchurian leaders, in their eagerness to fulfill the trust of their people founded a new State. When the whole force of elements leads in one direction none can thwart its course. It is the force of nature.

After scores of years of exaction and extortion, the people in Manchuria have at last escaped from the oppression of the military regime and it now seems that they may safely expect to have a land of peace for themselves. Japan, of course, has no territorial ambitions; her concern over Manchuria and Mongolia is economic exploitation and the necessity for national defense. We hope to prosper with the population there.

I firmly believe that the just attitude of the Japanese will enable the Japanese to do what they choose without fear of interference from others. The Japanese must concentrate their efforts for the furtherance of co-operation with the people of Manchuria. It is the duty entrusted them to make Manchuria a peaceful land where the people can live in happiness. If the Japanese lose in their fight for the promotion of peace there, they will loose their character forever. Peace in Asia shall come from Manchuria, and the peace of the world from Manchuria. When the Japanese have attained the realization of this ideal, then the spirits which have been sacrificed for the peace of Manchuria and Mongolia in the long past will be able to rest at last.

Trebitsch Lincoln Expelled by Belgians

Chao Kung—the name under which Trebitsch Lincoln has been living for some time—on his arrival in Belgium last week was ordered expelled. He later proceeded to Germany. Lincoln, who has been a Jewish Rabbi in Hungary, a member of Parliament and a German spy in Britain, and a monk in Ceylon and later in China, recently returned to Germany from the Far East, travelling in the garb of a Buddhist monk.

Chinese Student Explains U.S. Politics

BY T'ANG TEH-CH'EN

"WHOM would you elect for the next president?"

I happened to meet a young sailor, 21 years old, on board a ferry, the day, Sept. 6, I arrived at San Francisco from China, We, a group of Chinese aliens, were, in the same afternoon, on our way to the Angel Island, the U.S. immigration detention quarter.

"I'm for the guy who'll allow us to drink a lot of whisky," he answered without any hesitation with a "Lucky Strike" in his mouth.

"Let met think of that chap's name," he said to himself.

"It! I can ne'er get the name straight."

"You mean Roosevelt?" I reminded him.

"Yeah!" He nodded his head. "That's the guy I'll vote for."

Then he began to mimic the way of drinking liquor as if he were in a "saloon" of the good old days.

"Hoover is no good. He's a sap. He thinks he's a 'dry.' Ha! Ha!"

The young seaman had been to Shanghai a few years ago working on the *S.S. President Jackson*. He told me of the big time he had in the port city. Bars, ballrooms and cafes on the North Szechuan Road. And he said he had been in jail several times!

Four days later I came to Columbia, a college town about 150 miles southeast of Kansas, Missouri. The state of Missouri is considered as a Democratic state supporting Governor Roosevelt. As the November election is drawing near, both parties have established headquarters in Columbia and the presidential campaign is now going on in full swing.

The Democrats are almost sure that they will win this time. They want to regain the political power which they have lost ever since Woodrow Wilson, democratic president, quit office. The recent Democratic victory in the governor's election in Maine gives Gov Roosevelt every reason to be optimistic. But the Republican party is just as anxious to reinstate Hoover as the next president. Roosevelt, candidate of the Democratic Party, is already making his campaign tours in the West and Pacific coast. Hoover, Republican candidate, is also planning for his trip in October. In fact, both parties are making desperate efforts to grab the political power.

After I settled down in Columbia, I continued my survey of the attitude of the ordinary people, who are mostly non-partisans, of their attitude regarding the two candidates and their parties.

The Desire for Change

"Who are you for, Mr. Gibbs? Hoover or Roosevelt?" I asked my householder one evening after supper while we were sitting on the porch. He is a man of sixty now living in retirement.

"I really don't know. But I think I'll vote for Roosevelt this time." He answered with a little reluctance and kept smoking his pipe trying to straighten the matter himself.

"But Roosevelt is a 'wet'," I tried to influence him.

"Well, Roosevelt is a 'wet' but Hoover is just as bad. My reason for Roosevelt is to have a change. Things under Hoover have been so bad that I think a change of president may help the situation." Merely to test his firmness in his political stand I told him the G.O.P campaign slogan:

"But Mr. Gibbs, the Republicans advise people 'Not to change a doctor when a man is sick.' How do you account for that?"

"What'll you do when you know that the doc is no good?" He hit back immediately.

Mr. Gibbs then told me a very amusing story about a negro woman, who, when asked about her idea regarding Hoover and Roosevelt said: "Before Hoover is elected president," she declared, "the meat of the rabbit is tough. But after Hoover is elected president, the rabbit taste tender. So I think I'll vote for Hoover again."

In the middle of September, I was invited to dinner with the Shaw's, a young couple. Upon learning that Mrs. Shaw was a former student in the graduate school of the University of California, I wanted to know what a highly educated American woman would think of it.

"Whom do you think would be a better president for America this time?"

"Neither Hoover nor Roosevelt is any good." She answered immediately and affirmatively.

"Both are politicians having axes to grind. Everyone is representing the interest of his own gang."

"But you got to have a president."

"Yes." And then everything went quiet.

Mr. Hilton, a foreman of a contracting company, is staying in the same house with me. The opinions of an American laborer are also interesting.

"What do you think of Hoover and Roosevelt?' questioned him. After pausing for a while he said:

"I think I'm for Roosevelt this time."

"But why?"

"Oh nothing. Either one is just the same except that I'm sort of getting tired of Hoover. He's been president for four years but he hasn't done anything good. In fact, things have gone worse than before." He uttered with a big sigh as if the time for a revival of prosperity is still far away.

Late September, I met a young man, working in a brassware company in St. Louis, who spent a week's vacation in Columbia. He was a '28 graduate of the University of Missouri During his stay in this town, he put up at the Gibbs,' and we naturally engaged in conversation.

Are you a Republican or Democrate" I once put this question to him, thinking that he must have party affiliations after having quit school for so many years.

"I'm a non-partisan but I think more of Roosevelt."

"Well since Hoover is unable to help the jobless, relieve the farmers and overcome the depression, there's no harm in having a new president." After a moment he continued:

"Another reason why I'm against Hoover is that he's controlled by the Wall Street gang. The gang is nothing but a bunch of fat-pockets trying to take advantage out of the hard times."

One Sunday afternoon, on my way back from the municipal airport, 1½ mile from Columbia, I met an old gentleman. He was going to attend an entertainment given by a girls' college in this city. Unintentionally, I again came across the same old subject.

"I'm a Republican," he said, "but I'm neither for Hoover nor Roosevelt. I'm for the one who still advocates prohibition."

"Won't you cast your vote?" I was wondering.

"Shucks, Roosevelt wants to repeal the so-called 18th Amendment. Hoover also wants to modify the liquor act I don't think I'll poll my vote this time."

"And so you're an ardent 'dry'!" I wanted to make sure.

"Yeah." Then he related some tragic stories of the days when prohibition was not enforced. How the wives suffered and how happy families were wrecked.

Hoover's Recovery Program

Whether Hoover will be reelected or whether Roosevelt will win, no one can foretell. The Democratic candidate is taking every advantage of the present economic crisis as the target of attack of the Hoover regime in his campaign speeches. He already made public his farm relief plan, railway relief project and 8-point utility program which commanded nation-wide attention—approval or otherwise.

Hoover, nevertheless, is also gaining courage despite the G. O. P. defeat in Maine. The failure of the La Follettes in Wisconsin, the regular pro-administration Republicans winning, has encouraged the White House group materially. It wiped out much of the depressing effect of the loss of Maine early September. Furthermore, it made the White House people believe that voters are not necessarily driven to the left by depression. They believe that the voters are everywhere against those who happen to be in office regardless of the party.

As far as the president's forthcoming campaign speeches are concerned, it is stated that Hoover will shun new economic medicine and urge that the recovery program already in action be allowed to progress under friendly, paternal hands.

Columbia, Mo,, September 26, 1932.

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Chinese Leaders Oppose the Recommendations of the Lytton Report

BY C. Y. W.MENG 孟憲彝

THAT both Chinese and Japanese are not satisfied with the Report of the Lytton Commission of the League of Nations goes without saying. The Japanese Foreign Office, military circles and the press all consider that the Lytton Report has committed "errors, miscognizances, and illusions," and that it is "saturated with prejudice," and "that it cannot affect facts or change the policy of Japan in regard to China." The report has come as a bitter disappointment to Japan. Some even go so far as to aver that it is full of *suppressio veri* and *suggestio falsi*. The Foreign Office particularly charges the report with being biased and unfairness as well as being too much in China's favor while at the same time "exhibiting prejudice and suspicion" against Japan.

The Tokyo war office has also issued a lengthy statement charging the report with being full of "distortion· misrepresentations and omissions" in stigmatizing Japan "as being the violator of various international treaties and agreements," and declaring that, so far as the military circles are concerned, the report is unacceptable to Japan. They conclude that, Japan should go right along with its pre-determined policy, irrespective of the criticisms of the "third party." They are particularly resentful regarding that part of the report which says that the attack made by the Japanese militarists when a bit of railway track was allegedly blown up by the Chinese soldiers was not within the scope of self-defence.

Press comment follows the line of criticisms taken by the Foreign and the War Offices, except that it is much more caustic and biting. The same old statements about the League Commission being still utterly ignorant of conditions in the Far East and the argument that the League Covenant and other treaties appertaining to peace are not applicable to a weak, disorganized state such as China are glibly trotted forward again, and so forth.

Let us now analysize the opinions of some of the Chinese leaders regarding the Lytton Report.

Wang Ching-wei's View

Wang Ching-wei, the former president of the Executive Yuan, on the eve of his departure to Germany for recuperation after his long illness in Shanghai, issued a departing message to the nation in which he expressed his opinion on the Lytton Report as follows:—

"China's appeal to the League of Nations to settle the Manchurian dispute with Japan is the most legal and logical step that should be taken. The Commission headed by Lord Lytton was sent to investigate and report on the dispute. This has been done, and in the report it is clearly shown that the action of Japan was one of aggression and in accordance with the pre-arranged policy. But we regret very much that there is a contradiction between the findings and the recommendations. While the Report lays the responsibility for the present disorders to the doors of Japan and indicates that the Manchukuo government was formed only by the efforts of the Japanese civil and military officials, the report dare not hold the Japanese responsible for the whole incident, but merely suggests a method for China and Japan to reach an amicable understanding. Should such recommendations be adopted by the League, it shows clearly that while the League of Nations might have an idea to uphold justice and righteouness, it lacks all the necessary power. Then, there is not only no way to maintain the world peace, but there will be also no way for the League to settle international disputes hereafter. For the sake of world peace, China wishes to call the attention of the world to this fact!

"China is now faced with two propositions—to recover the lost territory by resorting to war or through peaceful means. To employ the first method is to attain justice by means of force. To employ the second method is to attain justice by means of peaceful means. But at any rate, we should appreciate the sympathetic feelings that the League has been showing to us. In case it shows its weakness in enforcing its wishes, it is up to us to increase its powers in the hope that we would achieve the final victory."

Mr. Wang then went on to plead for peace and unity within China.

Hu Han-min's View

Hu Han Min, a veteran member of the Kuomintang, the former president of the Legislative Yuan, when questioned about his opinion of the Lytton report, had the following to say:

"In the first place, in appointing an Inquiry Commission to come to China in the name of 'investigation,' the League was merely destroying its own prestige and disclosing vividly its inability to uphold justice and righteousness. To employ the recommendations made in the Report to settle the Manchurian situation is tantamount to the declaration of the end of the League. If the League was really determined to uphold the League's Covenant, it should take the most effective steps to stop the Japanese illegal activities. By appointing a commission to China, the League was merely giving more time to Japan to consolidate their position in Manchuria. When the Japanese government actually granted formal diplomatic recognition to the so-called puppet Manchukuo, the League did not lodge a single word of protest with Japan!"

"Secondly, what is said in the report is contrary in some respects. On one hand, the report admits that the solution of the Manchurian situation should be in accordance with the provisions of the League's Covenant, Anti-War Pact and the Nine-Power Treaty, but on the other, the report says that the government for Manchuria should be essentially self-autonomous in character. Let us ask: Are Japan's continued activities in Shanghai, Tientsin, and Peiping, not contrary to the spirit of the Anti-War Pact? Are the Japanese invasion of the North-Eastern Provinces (Manchuria), and the creation of the puppet not contrary to the provisions of the Nine-Power Treaty? If these questions are to be answered in the affirmative, the only step that should be taken is for all the signatories to these international treaties to rise up to bring an end to the Japanese aggression. Manchuria is a Chinese territory, we never recognize the existence of the so-called 'Manchurian boundary.' China is the only one entitled to the rights in Manchuria. There is no necessity to consult with Japan, not to take into consideration the interests of the so called 'third party.'

"Thirdly, we should like to remind the members of the Inquiry Commission that should the Manchuria issue be allowed to develop, it is not only a problem concerning China, Japan and the 'third party' but it is a 'pacific' problem concerning all. The Commission also has committed a mistake in the interpretation of Dr. Sun Yat-sen's principles of international development of China, when it tried to base its recommendations on Dr. Sun's principles. What Dr. Sun advocated was the development of Chinese industries through international cooperation, for the benefit not only of the Chinese alone, but for the whole world.

In conclusion, Mr. Hu said that, after one year of observation, we come to a conclusion that the League has committed blunders in handling the Manchurian situation, and the Lytton report has "no value at all." "The true solution lies in the determination of the Chinese people themselves," concluded Mr. Hu.

Tang Shao-yi's View

Tong Shao-yi, a veteran statesman and diplomat, when questioned as to his opinion on the Lytton Report, said that what the League's Inquiry Commission had done after several months of hard labor, was to hand down a verdict saying that the Japanese "should not" take such action in Manchuria. The recommendations made in the Report are nothing short of separating the Three North-Eastern Provinces Manchuria) from China Proper. It is like a judge, after finding a criminal guilty of murder, instead of putting him to death, only spoke to the criminal that he "should not" commit such a crime. "Would these few words —"should not"—be sufficient to indicate justice?" asked Mr. Tang. The veteran statesman considered the appointment of the Lytton Commission as "unnecessary," pointing out the fact that if the League had any way to settle the Manchurian situation, it need not appoint any commission, and further that the foreign legations and consulates in China and the Chinese delegation in Geneva have already supplied the League with the information and reports. It is due to the fact that the Japanese have discovered that the League is really unable to cope with

the situation that they have become more and more aggressive than ever before in their actions in Manchuria.

"From the very beginning, I have always opposed China's appeal to the League," said Mr. Tang. "Had China resorted to the Nine-Power Treaty, instead of the League's Covenant," Mr. Tang continued, "the situation would have been settled already."

Mr. Tang pointed out that what he advocates is that China should call immediately a conference of signatories of the Nine-Power Treaty and to employ their concerted action to stop the Japanese aggression. "Should China rely upon the League for the settlement of the Sino-Japanese dispute, China is merely hastening her day of extinction and increasing the number of dead and wounded in the hands of the Japanese. It is just because so long as America is not a member of the League, the League is too weak to handle the situation. Aside from America who is deeply interested in the Far Eastern afiairs, all other countries are too indifferent to the situation." Mr. Tang said that to make alliances "within" and to present a united front against the foreign aggression is far more important than to make an alliance with America or Russia.

Sun Fo's View

Sun Fo, the only son of Dr. Sun, the former president of the Executive Yuan, in telling his opinion on the Lytton Report, expressed his sitisfaction with the Lytton Report on two points, that is the Report had pointed clearly that the military operations of the Japanese troops during the night (Sept. 18th, 1931) can not be considered as measures of legitimate self-defence; and secondly, that the Japanese civil and military officials were really responsible for the creation of the puppet Manchukuo and that the present regime can not be considered to have been called into existence by a genuine and spontaneous independence movement.

But Mr. Sun expressed his doubts concerning the suggestions made in the Report that the Commission is not partial to the restoration of the *status quo* of Manchuria, and asked whether the suggestions mean that Manchuria should no longer be under the Chinese territorial and administrative jurisdiction. Mr. Sun characterized the last two chapters of the report to be purposely favorable to the Japanese. "Should the League employ the recommendations contained therein, to settle the Manchurian situation, Manchuria would exist as Chinese territory in name, but not in fact, or to put it in other words, Japan gets Manchuria, while China loses it," said Mr. Sun.

"China's appeals to the League aim at the restoration of Manchuria to China—both in name and in fact. But the recommendations of the Lytton Commission aim at the restoration of Manchuria to China only in name, not in fact. Nothing is more disappointing than this!" continued Mr. Sun.

Mr. Sun then went on to say that when Japan occupied Korea, Japan also declared that Korea should be independent, but Japan annexed Korea only a short time later; and what Japan is doing to Manchuria is what it did to Korea before. "Japan has determined to take Manchuria from China, but China is determined to restore the lost territory. Under such condition, there is no room for the League to make any compromise," pointed out Mr. Sun. He concluded that the League would have no way to settle the Manchurian situation.

Dr. C. C. Wu's View

Dr. C. C. Wu, one of China's leading diplomats, at the request of a number of interviewers, gave his opinion on the conclusions of Chapter VII of the report which deals with Japanese economic interests and the Chinese boycott. He regarded the boycott as the only strong weapon China employs against Japan, and one on which hopes of the recovery of the lost territory are pinned.

Dr. Wu said that the economic condition of Japan is her weak point, and it is natural that China, while following diplomatic channels and offering resistance where possible, should cling to this effective measure in the hope of a satisfactory solution of Sino-Japanese disputes.

The singling out of the boycott movement in the Lytton report. in his opinion, is for two reasons, to appease the stronger party, and to deprive China of this strong weapon.

While condemning Japan's military action and revealing the truth about Japan's creation of Manchukuo on one hand the Commission, with the psychology of a mediator, critizes the boycott movement on the other hand.

Though, the boycott movement originated in Ireland, he continued, China has used it in the international field with effect. Hence the hope is expressed by the Commission that in the interests of all states this problem should be considered at an early date, and regulated by international agreement.

Dr. Wu is quoted to have said that no matter whether the Republicans or the Democrats would be in power in America, the American policy in the Far East would remain the same.

General Feng Yu-hsiang's View

A severe denunciation of the Lytton Report is made by 15 members of the Central Executive Committee, including General Feng Yu-hsiang, generally known as the "Christian General," and 14 others. The telegram points out that the Lytton Commission's suggestions regarding the demilitarization of Manchuria, establishment of a special autonomous regime, summoning of the proposed advisory conference, and the recognition of Japanese rights and interests in Manchuria are all incompatible with China's sovereignty and territorial and administrative integrity. The message declares that it would be suicidal for China to place further reliance upon the League of Nations which, it is alleged, has fully exposed its impotence and inability to uphold right and justice.

"Being, as it is," the telegram continues," a document on which not only the prestige of the League hinges, but on which the suffering Chinese masses also pinned their hopes, it should have been at once fair and fearless so that a logical solution may be reached of the protracted Sino-Japanese controversy. As a matter of fact, however, it is far from being so.

"The first eight chapters of the Report contain the findings on the facts of the dispute. Apart from a few vague statements of such Japanese actions as cannot be concealed or whitewashed, the report failed, however, to determine and fix the responsibility in the matter. On the contrary, it holds China responsible because of the Japanese aggressions. That the Commission has confused cause and effect and thereby has attempted to minimize Japan's responsiblity is thus obvious.

"Now, military forces are necessary to protect the exercise of sovereign rights. Should China be denied the right of stationing troops in Manchuria then Manchuria would be virtually lost to China.

"As for the so-called autonomous regime, it should be noted that the very idea of autonomy implies that it should be based upon the free volition of the people. Tens of thousands of people in Manchuria are now fighting for the preservation of China's territorial and administrative integrity and the re-union of Manchuria with the rest of China. To force upon the people an autonomous government against their own will would be utterly incompatible with the fundamental principles of government and would be tantamount to the severance of Manchuria from China.

"Aside from these, the suggestions regarding the so-called advisory conference, and the extension of so-called Japanese rights and interests are all calculated to place China in a position of danger and virtual extinction of her existence as an independent State.

"Such measures of settlement, if carried out, would throw upon China, besides Japanese aggressions, the shackles of international control. Unless we are content to become a mere dependent of the Powers, we certainly cannot accept this new bondage."

Conclusion

It should be pointed out that while the Chinese politicians in power are too reticent in expressing their opinions regarding the Lytton Report (Gen. Chiang Kai-shek is still silent) the retired politicians are too radical in condemning the Report. But it is fair to say that there is room for us to attack. The Commission has found that the Japanese actions in Manchuria could not be considered as measures of ligitimate self-defence and that the Japanese civil and military officials are really responsible for the creation of the Manchukuo, so it is only fair that the recommendations made in the last two chapters should be based on these findings, and should give the wrongdoers the necessary punishment in order to vindicate justice. Whether the former administration of Manchuria was bad or good, it is a Chinese internal problem. It is ultra vires for the Commission to discuss this matter in connection with the recommendations. Therefore, failure to give the "wrongdoers" the necessary punishment after finding them guilty, has not only been a great disappointment to the Chinese people, but it opens room for the Chinese to attack.

Nanking, October 22, 1932.

Japanese Line-up At Geneva

(*From the Review's Tokyo Correspondent*)

In view of the great importance of the November General Assembly of the League of Nations, the Foreign Office has decided to dispatch Ambassador Tsuneo Matsudaira now in London and Ambassador Isaburo Yoshida, who acted as the Japanese assessor to the League Commission of Enquiry, to aid the Japanese delegates, Dr. Haruichi Nagaoka, Ambassador to France, Naotake Sato, Ambassador to Belgium and Yosuke Matsuoka.

Among them those who most enjoy the trust of the whole nation are Yosuke Matsuoka and Dr. Nobuhumi Ito. Especially it is the name of the former that is engraved in the minds of the people. Kan-ichiro Kamei, M. P., rather passionately expresses his trust in Mr. Matsuoka in the *Rungei-Shunju*.

The following facts testify to Mr. Matsuoka's being regarded as the most important figure among the Japanese delegates to Geneva.

The Cabinet at its October 11 meeting announced the appointment of Yosuke Matsuoka as Japan's plenipotentiary to the special assembly, an honor which is usually conferred upon Shinnin rank officials. (The *Tokyo Nichi-Nichi.*)

Yosuke Matsuoka, who is leaving Tokyo on October 21 for Geneva, is to be received in audience by the Emperor at 11 a. m., October 18. (*Tokyo Asahi.*)

Premier Saito invited Yosuke Matsuoka, who is scheduled to leave for Geneva on October 21, to the send-off dinner given in his honor on October 14 at the Premier's official residence. (*Yomiuri Shimbun.*)

Yosuke Matsuoka, now going to leave Japan with heavy responsibility on both of his shoulders, was pleasantly surprised on the night of October 15 to be called on by three messengers from the town of Choshi representing the Young Men's association of the town. The object of their visit was to encourage the Plenipotentiary before his departure to Geneva. Once when Mr. Matsuoka was requested to come down to the town of Choshi and help in the Seiyukai Party's election campaign, he complied with the request and delivered a speech, which was more about the Manchurian question than about recommending the candidate to his constituents. The audience was greatly struck by his speech. Upon hearing that their respected Matsuoka was leaving for Geneva, four hundred of them visited the local shrine, defying the rain. After that three of them representing the association paid homage to the Kashima and Katori Shrines to get a talisman, with which and many other presents of encouragement they called on Mr. Matsuoka. The Envoy received them with tears in his eyes saying, "These I accept as presents offered not to private Matsuoka but to the Matsuoka who represents the Japanese Empire." The three visitors then stated that the country people have great concern over the coming League Assembly, but the citizens of Tokyo are rather nonchalant. Besides these presents Mr. Matsuoka daily receives from all corners of the country similar talismans and other tokens of prayer. These he packs in his special trunk to be taken to Geneva as the amulet offered him by the nation.

Yosuke Matsuoka

The *Jitsugyo-no Nippon* in its October 15 issue publishes following comments on Mr. Matsuoka.

The Manchurian problem and Sino-Japanese dispute which have dragged for over a year will be thrashed out at the coming League Assembly. Seeing that Japan has already arrived at her final decision to push through her insistence even though she may have to stake the fate of the county, the importance of the coming assembly is to be compared to her diplomatic battle at the close of the Sino-Japanese and Russo-Japanese Wars. Who are then our leading actors on the Geneva stage?

Yosuke Matsuoka will undoubtedly be the most outstanding figure among the Japanese delegates to Geneva. As everybody knows he is an actual authority on Manchuria and Mongolia. Under President Jotaro Yamamoto he occupied the Vice-President's chair of the South Manchuria Railway for two years after finishing two terms as director, during which he acquired living knowledge and accumulated actual experiences on affairs of the two territories. During his nine years stay in Manchuria he was eye-witness of all the Sino-Japanese disputes which occurred between Japan and Marshal Chang Tso-lin. Not merely he witnessed but he had direct touch with those disputes; the planning and construction of a certain railway in order to seal the fate of the C. E. R. was one of his achievements. It is to be specially noted in this connection that he coaxed the Marshal to sign the agreement despite his hesitation, out of deference to the Soviets. Yet, his fate was sealed when soon afterward the Chinese side constructed a parallel line to the S. M. R. With his own eyes he saw what wrong the Chinese side had committed, but despite his untiring counter-measures he saw his enterprise had been destroyed. Yet, being an optimist by nature he did not utter a word against Fate, and would say, "I am quite free from anxiety; see what will follow." Later he accompanied the President to Peiping where they interviewed Gen. Chang Hsueh-ling in connection with the construction of another railway line. At this and other diplomatic negotioations with China he always acted as persuader. By nature he is fortitude, and in any negotiation he resorts to his never-failing assurance. True, he is a hero of table-talk. During his Foreign Office days his witty talk was a good match to that of Mr. Honda, ex-Ambassador to Germany; if Mr. Honda's was a machine-gun his could be compared to a field-gun. This boom of the heavy gun made him acquire popularity as a talented speaker. Indeed, his single combat with Foreign Minister Shidehara at the spring session of the Diet last year was a sensational sight.

At his 14th year he went to America where he received an American-style education. This is why he is so well versed in English. After returning to his mother country he passed the Civil Service Examination at the age of 23. At the Versailles Peace Conference as a member of the Japanese suite he was charged with the duty of receiving news reporters, and it is a well-known fact that he took an active part in dealing with European and American reporters. During his service with the Foreign Office one of his chief achievements was the remarkable activities shown as a Japanese committeeman at the Sino-Japanese joint investigation of the Foochow Incident. Baron Hikokichi Ishuin, the then Chief of the Intelligence Bureau of the Foreign Office, was greately satisfied with his phenomenal service. Count Uchida was Foreign Minister at that time. None would doubt, therefore, that it was not his knowledge of Manchuria and Mongolia alone that prompted the Count to use his service when the country is confronted with a rare crisis.

Mr. Matsuoka after visiting Ise and Momoyama on October 11 to pay homage at the Grand Shrines of Ise and the Momoyama mausoleum, making a report on the important mission on which he is being sent to Geneva, broadcast on October 14 over the J. O. A. K. Tokyo (Broadcasting Station) with a view to conveying to the nation his discharging of his heavy responsibility at the special General Assembly of the League, the gist of which is something like the following:

"America to Digest Nippon Principles"

"If I am asked with what sentiment I am leaving Japan for Geneva, I would not hesitate to declare in reply that what I earnestly wish to do there is to let Europe and America digest the real nature of the Nippon principle and thought. It seems people are afraid that I am going over to Geneva to pick a quarrel, but they are greatly mistaken, for the Nippon principle is founded upon the teachings of the gods and is the soul of the love of the world peace. I told the foreign newsreporters today that when it is already a patent fact that Japan loves peace no less than other countries and the League do, why is it that they single out Japan and regard it through colored spectacles?

"On going over the Lytton report I was struck by the obvious lack of recognition. The Manchurian Incident was the inevitable consequence of the attempt to establish the peace of the world as well as of the Orient. None but God could pass judgment as to whether the attitude taken by Japan was right or wrong. Heaven having no voice to give judgment, it is Time, I believe, that has power to solve the pending question; in other words it is Time which on behalf of God clarifies before the world that Japan acted righteously. Japan is second to none in that it loves peace, and this is why it has recognized Manchukuo. I believe none could have done otherwise if placed in Japan's position. I remember once General Saigo (A hero at the time of the Meiji Restoration) remarked that we ought to make a companion of God but not man, with which spirit I shall explain Japan's stand just as if I were speaking to God. To God none can tell a lie.

"Far from provoking a quarrel or sowing the seed of strife I am seeking for world peace, and I am going to Geneva as a peace messenger." (*Tokyo Asahi*).

Dr. Nobuhumi Ito

The *Jitsugyo-no-Nippon* publishes the following criticism in its issue of October 15 as one of its prominent features.

The September, October and December meetings of the League Council of last year when the Japanese delegates

were closely besieged and fighting desperately, it was Dr. Ito who suddenly rose to the country's adverse situation and made himself conspicuous in the eyes of the nation. In singular contrast to the chief of the Japanese Secretariat Dr. Yotaro Sugimura, who is extraordinarily corpulent, he is so small built and smart that he is nicknamed "rabbit." Though so small in physical construction he is feared even by shrewd, audacious news-reporters as a diplomat of super-human alacrity in thought and action. He is, indeed, a rare treasure of the Foreign Office. Especially it is noteworthy that among his various merits his liguistic knowledge stands most conspicuous; he is at home in English, French. German, Dutch, Italian, Russian and Chinese, besides his own mother tongue.

Without his prompt sagacity, wit and linguistic resources he could not have had such a single combat with the veteran Secretary General Sir Eric Drummond nor achieved such a feat in dealing with the world's delegates on behalf of the silent Yoshizawa at the various meetings of the League last autumn and spring of this year. During his stay at Berne, he proved a valuable chum of Minister Honda who is equally talkative, but the Chatter-box Minister Honda himself is said to have been struck dumb by his unfettered eloquence.

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The November number of the *Gendai* gives prominence to the following passages in criticizing the Japanese line-up at Geneva:

When the Lytton party was staying in China before its advance into Manchuria, Dr. Ito who had accompanied the party to China made an inspection trip to Manchuria, and upon completion he tried to infuse into his Lordship the changed conditions in Manchuria after the Incident indirectly through Ambassador Yoshida, Japanese assessor. The latter, however, hesitated to take the affair into his own hands but exhorted Dr. Ito to do it himself by reason that he had had lesser touch with Lord Lytton than the Ambassador himself and hence would give fresh impressions. Finding no alternative Dr. Ito sought for a chance of an interview with Lord Lytton, who however did not decide on the matter promptly but wavered, and when at last he saw the Doctor his tart rejoinder made him fly into a passion. He is by nature passionate. Being versed in the law and business routine of the League and having fighting spirit, his activities at the coming special General Assembly of the League will meet the expectations of the nation.

In view of the special importance and complex nature of the affairs to be handled at the coming assembly, we cannot feel perfect complacence in spite of our strong line-up. This is not because of the absence of a personage of the Premier rank, linguistic handicap or the apprehension of the lack of harmony and unity among the delegates. Somehow or other we cannot but feel insecure.

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Dr. Ito who left Japan on September 17 told the *Osaka Mainichi* in a train interview on the eve of his depature:

"I am going to do my best in support of the Japanese. Although there is no knowing what the outcome will be, yet I do not believe we shall be beaten by 13-1 this time. But don't think for a moment that I am going to pick a quarrel with the League. On the contrary I am going back there as a messenger of peace.

"Japan's recognition of Manchukuo is now an established fact. Japan, so to speak, won in diplomacy. What we should strive for from now on is to arrive at a settlement of the Sino-Japanese dispute based upon reality as soon as possible, guiding the League of Nations to approval of the recognition of Manchukuo.

"I am going to spend all my time during the Siberian trip in the study of the question. Without depending on the big Powers alone, I am going to negotiate with the delegates of the smaller Powers, too."

Naotake Sato

The *Jitsugyu-non-Nippon* says: As one of Japan's delegates to Geneva Sato's activities are also expected. He is an old college friend of Ambassador Debuchi. He is but 51 years old and Mr. Matsuoka 53; it is quite seldom that Japan has despatched so young diplomats at an important international gathering. Time has changed the idea of the authorities to select the best brains from among comparatively young staff. Mr. Sato is at ypical Japanese diplomat in that he has a graceful figure and noble touch; yet his overflowing talent, zeal and tenaciousness, seldom yielding to opponents, have already won renown among his compatriots. Having for years been the Chief Japanese Secretary in Geneva he is looked up to as an authority on the League of Nations. Though he was born in Osaka he received stern education in Kagoshima, and naturally he is by nature straight-forward and pure at heart, as is becoming the samurai of Satsume Province.

Dr. Yotaro Sugimura

Mr. Shirojima briefly comments thus on Dr. Sugimura in the *Jitsugyo-no-Nippon*: Dr. Yotaro Sugimura, Chief of the Secretariat of the Japanese delegation, succeeded Dr. Inazo Nitobe. Especially noteworthy of him is that he has more yamashii (the soul of Japan) than anybody else, and with it he exerts himself for the country both in public and in private. It is still fresh in our memory that he rendered great service in helping Mr. Yoshizawa when he found himself in difficulty in October of last year, and that it was he that visited London and Paris at the suggestion of Sir Eric Drummond in order to ameliorate the tense situation. After graduation from the Tokyo Imperial University he was sent to Lyons by the Government to study at the university there. The good knowledge of French which he acquired during his stay in the country is said to be very much helpful in discharging his duty. He will prove one the moving spirits in the coming general assembly.

Mr. Saito, Charge d'Affaires in Washington

Katsuji Debuchi, Ambassador to America cannot escape being partly responsible for the utter failure of the Japan's foreign policy towards America in respect to the Manchurian Incident. It is not seldom that Secretary Stimson by means of rude protest and interference has since the outbreak of the Incident flamed up our national sentiment, and every time we raised sorrowful cries of "What the deuce is Ambassador Debuchi doing in Washington?" By mere chance he occupied the Vice-Minister's chair and also by blind luck climbed up to the Ambassadorial position. Since settling himself at Washington he unreservedly exposed his lack of ability and during the four years' stay contributed nothing toward bettering diplomatic relations of the two countries. Leaving all his duty unattended he was absorbed in golfing. The keen insight of the Americans soon fathomed his value, and not only Secretary Stimson but all the other high officials in his department quit paying the slightest regard to him; they even went so far as to completely disregard his existence. At the time when the Japanese army made a sudden advance and was ready to pounce upon Tsitsihar, Secretary Stimson questioned whether the Japanese forces would further enlarge their battle front, to which the Ambassador replied that as it was the policy of his home Government not to further develop the incident and it was unlikely that the military action might be further augmented. In less than a week, however, the troops in high spirit marched further north and attacked Tsitsihar in question, and the situation was so aggravated that Chinchow was also threatened. As such being the development of the situation his assurance to Secretary Stimson proved a lie at least as far as the result was concerned. Since then the American authorities have ceased to place any confidence in the Ambassador, and the erroneous idea that in Japan the military authorities could behave at will in disregard of the Government was engraved deep in American minds.

After he was summoned home Foreign Minister Uchida appointed Hiroshi Saito, Councillor of the Japanese Embassy in London as Charge d'Affaires to Washington. As is generally believed he will remain in the present position at least till the end of this year, and as a matter of course he is expected to deal with the difficult situation resulting from the discussions of the coming special Assembly of the League. Needless to mention, Mr. Saito is a man of ability and stands a giant among his diplomatic comrades. He has a clear head, sound character and good knowledge of English. He entered the Foreign Office in 1908, and since the European War he has left no important international conferences unvisited. This single fact eloquently endorses his peerless talent as recognized and valued among his superiors. After successfully discharging his important duty as the Consul-General of New York he was promoted to the Chief of the Intelligence Department of the Foreign Office. He is tenacious, strict in purpose, while being, quite sensitive to human pathos and a good writer, even occasionally composing Chinese poems. The nation trusts that his unique ability will satisfactorily deal with the complicated Japan-American relations resulting from the autumn Assembly of the League of Nations.

Home Preparations

Toshimi Nagakawa of the *Tokyo Asahi* states in the following vein:

At the extraordinary session of the Diet of this summer several party leaders asked the Government whether it had made complete preparation for Geneva, to which Foreign Minister Uchida curtly answered that no change would be

(*Continued on page 387*)

The Manchurian Customs Dispute

(From the Review's Correspondent at Dairen)

THE *Japan Advertiser* (Oct. 6) announced that the All-Manchuria Japanese Chamber of Commerce and Industry Association had passed a resolution requesting the Manchukuo Government to amend its tariffs so that the things in which Japan specializes can enter more easily and the things in which Japan does not specialize can enter less easily. The association, which held a special convention at Antung recently, determined to submit details of the new tariff act to both the Manchukuo and Japanese Governments. The present Manchukuo tariff, it pointed out, is modeled after the Chinese tariff system, which was aimed principally at getting as much tariff revenue as possible. Now that Manchukuo has declared its independence and now that Japan has accorded it recognition, certain things in the tariff law should be remedied. Manchukuo authorities are said to be studying revision but with no idea of taking quick action. Meanwhile, the association fears, the defective system will do a great deal of damage to both parties. It urges that the rates and the system be altered as quickly as possible.

The changes in the system which it recommends include a change in the kind of money used for paying customs duties. Apparently it wishes the units to be yen instead of gold customs units. It also wishes Manchukuo to erect bonded warehouses at its expense throughout Manchuria.

Another suggestion of the association is that since some of the Nanking duties were aimed particularly at Japan, these should be changed immediately.

The first step Manchukuo should take, in the opinion of the association, is to limit the number of lines on which tariffs are to be imposed and to change the rates immediately. Export duties should be abolished or at least reduced. But since Manchukuo needs money abolition may be impossible at present. However, beans and lumber, the two most important exports, should be the first to be relieved of export duties. If this is done Manchukuo industry will develop and the purchasing power of the people will rise. The loss from abolition of export duties on these two items would be made good by higher internal revenues.

Customs Autonomy in Manchuria

The enforcement of Manchukuo customs autonomy is having far reaching consequences—Chinese goods, which have hitherto been subject to a 2.5% re-export duty only, are being now taxed with full import duties, whereas Manchurian goods shipped to China are being taxed with full export duties. Although the present rates of the Chinese maritime customs are still in operation, subject to change by the Manchukuo Government, it is believed that, owing to high import duties on some goods, such goods will entirely be barred from entry into Manchuria. This is especially true in regard to cotton goods, annual import of which into Manchuria from China has been amounting in value to about 20,000,000 taels. Now, with the imposition of the uniform tax of 7.5%, instead of the re-export duty of 2.5% only, this trade is believed to be brought pretty much to an end.

Alarmed by this turn of events, the Japanese cotton interests at Shanghai have sent a delegation to the Changchun Government with a view to reaching an arrangement whereby the Japanese manufactured cotton goods would be imported into Manchuria free of duties. The delegation is headed by T. Funatsu, President of Japanese Cotton Spinners' Association of Shanghai, and includes G. Okada, Director of the Naigai Cotton Spinning Co., K. Gonno, Director of the Shanghai Spinning Co. and M. Takewa, Director of the Doko Spinning Co. Ever since its arrival the delegation has been trying to induce the Japanese authorities in Manchuria, especially the office of General Muto, to postpone the enforcement of Manchukuo import duties on cotton goods for three, years, enunciating that, if their request is not granted, it will deliver a hard blow on the Japanese cotton mills at Shanghai—it is stated that 30% of their annual output is imported into Manchuria. By all appearances the delegation has gained no success; instead, it has been suggested that, if they are really prepared to exploit the Manchuria market, they can remove a number of their mills to Manchukuo, in which case the authorities will be only too glad to help them.

The Manchukuo customs autonomy began from September 25 on which date various Customs Houses, located within Manchurian domain, including the Dairen Customs House, commenced levying full customs duties on all goods to and from China. The outstanding principles of this departure are—(1) that the present rates of the Chinese customs duties shall be retained, and (2) that all foreign goods, imported into Manchuria via Chinese ports and having customs documents, certifying the payment of import duties at China ports, shall be imported into Manchuria duty free. As it is readily seen, by the adoption of this measure the Manchukuo authorities, or—to say it properly—the Japanese authorities wish to avoid criticism of foreign Powers. Really, so long as their interests are not jeopardized the foreigners are not expected to oppose, for the imposition of taxes on Chinese goods tung Leased Territory and therefore outside its influence, does not impair their rights and interests.

The question of how the Manchukuo Government will deal with the Dairen Customs House, situated in Kwanonce attracted a general attention. A happy solution of it has been found in the interpretation of the Japano-Manchukuo treaty of September 15, this year, by which Manchukuo is understood to have taken over all obligations of the Chinese Government in regard to Manchuria, including the lease of Kwantung Territory. By virtue of this treaty and in accordance with the Sino-Japanese Treaty of 1907, regulating the organization of the Chinese Customs House at Dairen, the Manchukuo Government secured the understanding of the Kwantung Government (i.e. General Muto) about the appointment of Mr. Fukumoto as Customs Commissioner at Dairen. It should be remembered that for the last two months Dairen had virtually two Customs Houses, one representing China —under Mr. Porter, the Commissioner, a Britisher, and the other representing Manchukuo—under Mr. Fukumoto, a Japanese. The latter Customs House occupied a different building, whereas the Chinese Customs House functioned on its usual premises.

Evicting the Staff at Dairen Customs House

Now, simultaneous with the enforcement of Manchukuo customs autonomy and the Japanese concurrence therewith, Mr. Porter was on September 25 evicted from the Customs premises, together with some thirty officers, all loyal to China, the old Customs premises being on that day forcibly occupied by Mr. Fukumoto and his staff. Mr. Porter lost no time in applying to Mr. Takeuchi, the highest authority at Dairen representing the Kwantung Government, and complained of unlawful eviction from the Customs premises, and of taking away from him, also by force, all the keys and documents. The attitude of Mr. Takeuchi, deserves a special attention and must be recorded. He said: "If you, Mr. Porter, need a personal protection, you should apply to police, not to me. If your complaint concerns the property—apply to the District Court. I have no authority over the Customs—the proper institution to apply to is the Manchukuo or the Kwantung Government." So Mr. Porter returned empty handed to the Dairen Club, where he was staying since the eviction.

Explaining the situation to the press interviewers Mr. Fukumoto stated on the same day that in accordance with the Dairen Customs Treaty of 1907, now taken over by the Manchukuo Government, he was appointed to be in charge of the Customs House at Dairen and had, therefore, to apply force to clear the premises of outsiders (that is, the staff under Mr. Porter). "I regret," he added, "that the Chinese staff had no order from the Nanking Government to clear the Customs House voluntarily, so we had the unpleasant duty to apply force to evict them."

Thus from September 25 last all the Manchurian customs houses began levying full import and export duties on all goods moving between China and Manchuria. In the case of exports Manchukuo has cancelled the collection of the re-export tax of 2.5%, introducing instead full export duties on all goods moving out of Manchuria to China. It was thought that China, besides collecting the re-export duty of 2.5%, originally subject to collection at ports of loading, might adopt one of the following courses of action in retaliation to Manchukuo's rebellious act: (1) to begin collecting full import duties, which was thought hardly possible since, in that case, China would demonstrate her silent assent to the Manchukuo indepen-

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The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

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dence, or (2) to confiscate the goods or—to a better end—to impose a fine as on the goods brought illegally from an unknown country.

China has, however, come out with an retaliation of another sort—she, by the order of the Inspectorate- General of Customs, regards Dairen as a foreign port and collects, as from September 25, full import duties on all goods originating from that port, whereas Yingkow (Newchwang) and Antung are being regarded as Chinese ports, where the re-export duty of 2.5% has failed to be collected. So, all the Customs Houses all over China are collecting only this re-export duty from cargoes landed from Yingkow and Antung, whereas the Dairen cargoes pay the full import duty plus the re-export tax. As is seen, the arrangement brings about two-fold results, firstly, Dairen will have to lose considerably in its export business, and, secondly, both Newchwang and Antung will be greatly benefited, serving hereafter as main gates for Manchurian exports to China. Naturally, the Chinese Customs Houses do not recognize the validity of the documents issued by the Manchukuo customs houses, the Chinese customs officials deciding on the spot whether the cargo brought is of Manchurian origin or is a foreign one (i.e. Japanese), imported in disguise to avoid the payment of Chinese import duty. In that case the cargo is of course being treated as such or as pure and simple contraband.

It will be seen that every cargo arriving at Manchurian ports from China is burdened by the re-export duty of 2.5%, collected at the port of shipment, besides which it pays usual import duty, ranging from 7½% *ad valorem* up to 35% or more (in some cases it mounts up to 100%). Hence the arrival of Mr. Funatsu and his mission, representing the Japanese cotton mills at Shanghai, which all will have to pay the re-export and import duties and in accordance with rates of the Chinese Maritime Customs, which rates continue in force subject to change by the Manchukuo Government.

Details of Japanese Cotton Industry

Speaking of the Japanese cotton mills of Shanghai it should be stated that they represent nearly half of 230,000,000 yen invested by the Japanese in the cotton spinning industry of China and therefore they should be regarded as a mainstay of their economic interests in China. Of 45 Japanese owned cotton spinning mills all over China, 30 are found in Shanghai with the investment —as stated—of 50 per cent. of capital put into this industry. According to the data published in the *Chinese Economic Journal* for December, 1931, at the end of February of that year, these 30 mills had 1,338,008 spindles and 9,846 looms, or 73 per cent. of all Japanese owned spindles and looms all over China. They are being operated by nine concerns, most important among which are—the Naigai Watta Kaisha, Ltd., the Japan-China Spinning & Weaving Co., and the Shanghai Cotton Mfg. Co., emloying about 55,000 operatives the majority of whom are women and children, the men being employed only as packers, carpenters and mechanics. Besides these mills there is a number of weaving establishments having a special line of manufacture, e.g. the Toa Seima Kaisha, Ltd., established in 1915 (capital—1,000,000 yen) and turning out coarse hemp cloth and bags.

While the Japanese spinners may elude, by removing a number of their mills to Manchuria, their present preduament, the ultimate losers will be, of course, the Chinese and English spinners, whose status on January, 1932, was thus described by the Association of Chinese Cotton Weavers, Shanghai:—

	Chinese mills	English mills
Number of	82	3
Spindles	2,402,674	117,228
Looms	17,018	2,480
Operatives	164,275	77,792

The consumption of raw cotton for 1931 by Chinese mills was given at 5,301,989 piculs, against 345,932 piculs of English-owned mills. The output of cotton yarn and piece goods was thus—1,480,919 bales and 6,854,081 pieces for the Chinese mills and 76,315 bales and 1,737,976 pieces for the English mills.

How will Manchurian independence react on this industry? Will it mean the cessation of imports of cotton goods from China to Manchuria? Before attempting to solve this question it is imperative to know that, according to the statistics of the Chinese Maritime Customs (as cited in the *Manchuria Monitor*, Harbin, December, 1931), China occupied a second place in this trade, a place which, however, she has been steadily losing in favor of Japan. According to these statistics Japan in 1930 furnished 89.1% of the entire imports, whereas China and England furnished only 5.2% and 0.4%, respectively. In 1922 this percentage was as follows: 78.0%—Japan, 20.0%—China, and England—0.6%. It will be seen that China has all these years been a steady loser in Manchurian cotton trade, England preserving its place all the time. The same picture is seen from the statistics for woolen goods, Japan, China and England having supplied in 1930 31%, 34% and 13% of all woolens, respectively, against 30% (Japan), 40% (China) and 23% (England) in 1922.

Now, with the imposition of extra 5% import duty and even more in some instances, with every tendency to have it raised in the near future, it is well to presume that the door is being closed for Chinese goods entirely. It will therefore be no surprise at all, if 5.2% of the entire cotton imports from China Proper, barely sustained last year, is scratched out before long. As regards English cotton goods, representing in 1930 4% of entire imports, they might hold their own, for the Manchurian customs autonomy, so long as the present tariff continues to operate, does not affect them—for foreigners there is no difference between Chinese and Manchukuo customs duties. Needless to emphasize, the place lost by China in the cotton trade will be quickly filled up by Japan, which country will thus be playing the role of a monopolistic supplier in this trade.

The above should not be construed to mean that England will hold her own in the Manchurian cotton trade, for there are signs that she will follow the Chinese suit. Among those signs first comes the growing pauperization of the bulk of the Manchurian populace due to anti-Japanese uprisings, banditry and floods, because of which the population cannot afford to consume fine and costly English goods. Even allowing that the present customs rates will be kept in force for some years to come, one should not forget for a moment that the Japanese have a fine brake by means of which they can turn any trade in Manchuria in their favor, a brake played by the railway freights. Since the cotton trade plays a paramount role in Japanese industry it is well to presume that the advantage of regulating railway freights within Manchuria will be taken with no hesitation, which will in the long run eliminate British cotton goods from Manchuria entirely. If Great Britain will lose (which is likely) its 4% of all imports into Manchuria then her position in the entire Chinese cotton market will come only to 20% with every prospect to lose even that place.

Duties Rsise Prices of Staple Products

Another natural question arising out of the new situation is how will the importation of Manchurian staples into China be affected. According to returns of the Chinese Maritime Customs Manchuria has been supplying within the last four or five years, from 36 to 46% of all beans, maize, kaoliang, buckwheat, wheat, bean oil and cake, imported into the ports of Central and South China. Now, because of quite stiff export duties on these staples, namely,Gold Unit 0.09 on soya beans, G.Units 0.15 on kaoliang, G.Unit 0.20 on soya bean oil, G.Unit 0.035 on bean cake (all quoted per picul), these products will hereafter be quoted so much higher, thus compelling the Chinese consumers to pay more for them than they have been paying until now. To think that these products will be coming from other countries is out of question, so the first result of the new departure is going to be the increase of values of these staples in China Proper.

As has been stated in the beginning, the policy of the Nanking Government to regard Dairen as a foreign port, with a resultant levy of full import duties on all goods originating from that port, has dealt a telling blow on the China trade of Dairen. However, since the prosperity of Dairen depends upon its foreign trade it is believed that the losing of Chinese trade will not have a very big effect, none the less this discrimination is going to have salutary effects on Yingkow (Newchwang) and Antung, through which ports will go hereafter the bulk of Manchurian exports for China. The advantage of these two ports lies in the fact that the goods to be exported therefrom are subject to the re-export tax only (to be paid by consignees at China ports of destination). The margin against Dairen on staples, shipped from the interior of

Manchuria to China ports, will be as follows (in gold yen and kilo tons):—

	Via Dairen	Via Yingkow	Margin
Soya Bean			
Ssupingkai/Shanghai	23.78	16.84	7.14
Coal			
Fushun/Shanghai	8.87	7.03	1.84
Pig Iron			
Anshan/Tientsin	18.32	8.43	9.90
Ammon. Sulphate			
Anshan/Swatow	37.35	20.05	17.30

It will be seen that no sane exporter will ever attempt to ship his goods via Dairen under existing conditions. The Japanese fully realize this and are going to devise means whereby Dairen will hold its own in China trade. Among these measures first comes the readjustment of the S.M.R. freight tariff on staples in such a way as to minimize the margin in favor of Yingkow or Antung. Another possibility lies in an interpretation that Dairen is a free port with no tonnage dues on exports, whereas the same dues in Yingkow and Antung are likely to be raised. In this way it is thought possible to counteract Nanking's scheme to undermine the importance of Dairen in China trade.

A report comes to the effect that the Nanking Government has imposed a tax of Yen 1.50 per kilo ton on Fushun coal shipped even via Yingkow, instead of the re-export tax of Yen 0.19 only. This is regarded as a breach of the Sino-Japanese agreement of 1910 stipulating that Fushun and Yentai coals shall be imported into China with payment of one sen per ton tax, the Japanese alleging that, in consideration of this tax, they had consented to many reductions of customs duties on Chinese staples imported into Japan and Korea. The first protest in this connection was made several years ago, when, after the restoration of the customs autonomy, China imposed the stated re-export tax of 19 sen per ton. Since that time the controversy stood without any solution, the Japanese continuing to pay the tax under the protest. Now, the imposition of an extra duty of Yen 1.50 per ton on coals, shipped even from alleged Chinese ports of Yingkow and Antung, has naturally aroused the indignation of the Japanese authorities in Manchuria, which are reported to be pressing the Tokyo Government (the *Rengo* message dated September 27) to enter into negotiations with the Nanking authorities with a view to returning to the original tax of one sen per ton. It is fitting to remark in this connection that the Japanese annul all the treaties concerning Manchuria and set the order of things after their own liking, whereas on the other hand they insist that the Chinese should adhere to treaties even of such minor importance as that regulating the import of Fushun and Yentai coals into China.

All this means the enhancement of the Japan-Manchukuo trade, which, even without the introduction of Manchurian customs autonomy, showed a remarkable increase for the first half of the year—according to the statement appearing in the *Osaka Mainichi* for September 20 "Japan's trade with Manchuria during the first half of 1932 was five times larger than that of the corresponding period of 1931." A single port of Nagoya increased its export to Manchuria in September by 100% against the corresponding month of last year. The paper added further that, because of the impending taxation of Chinese goods, the Japanese trade with Manchuria has the brightest of prospects, especially cotton goods, sugar, machinery and metalware. Really, with the realization of the customs autonomy and greater freedom in adjusting railway freights Japan has unexcelled prospects in Manchuria, prospects equal in effect to the abrogation of the principle of Equal Opportunities in that part of China, although said principle may, for the sake of diplomacy, remain on paper. A greater fallacy the world has not seen for a long time.

Dairen, October 24, 1932.

Japanese Puppet in Chapei Sentenced to Five Years' Imprisonment

Hu Li-fu, head of the "puppet" regime in Chapei established last spring under the tutelage of the Japanese, was sentenced to five years imprisonment by the Soochow Higher Court last week. His arrest was effected in a restaurant on North Szechuen Road, Shanghai, recently. He was sent under military escort to Nanking and, after a preliminary examination, was transferred to Soochow for trial.

China's War Minister Predicts End of Communists in Six Months

General Ho Ying-ching, Chinese minister of war, in an address October 22 at a luncheon given by Mayor Wu Teh-chen at the Hung Hu Low in honor of the national officials who had gathered in Shanghai for final conferences with Wang Ching-wei, before his departure from China, declared:

"In the suppression of communism and banditry upon which our armies are now embarked, moral suasion may in the long run have the most telling and permanent effect. One of the features of the present suppression campaign in Kiangsi, is the frequency with which small bands of the outlaws we are fighting have voluntarily urrendered their arms. This has not happened in the past except when such bands have been defeated in battle.

"The government has adopted the policy of not punishing those who have surrendered under such circumstances. Instead we have taken pains to impress upon them the necessity of internal peace and unity as the only means of enabling the country to overcome its present crisis."

The speaker pointed out, however, that the successful termination of the present campaign could not be realized without force. Real success would be achieved, he said, with the aid of a benevolent attitude toward those whose opposition to the government is based on a misconception of what the government is trying to do in the interests of the nation.

General Ho declared that satisfactory progress is being made in the suppression campaign, but that it would be more rapid were it not for the fact that operations have been greatly hindered by the lack of communication facilities.

Chen Tu-hsiu to Report to Chiang Kai-shek on Communist Activities

Chen Tu-hsiu, alleged communist leader and one of the founders of the Chinese Communist Party, recently arrested in Shanghai, was sent to Nanking in the early part of the week to face a special tribunal on charges of endangering the existence of the republic. Eleven others arrested at the same time were sent to Nanking at the same time.

The tribunal to try Chen will be organized by representatives from the Central Kuomintang Headquarters and the Ministry of Justice, it is reported.

Chen is reputed to be one of the nation's leading scholars. It is stated that he is an outcast from the present Chinese Communist Party on account of his affiliation with Trotsky. At his own request Chen was later transferred to Hankow to give him an opportunity to submit to General Chiang Kai-shek a report concerning the activities in China of the so-called "Trotsky group."

$150,000 Hospital for Drug Addicts to Be Erected in Shanghai

A $150,000 hospital for the treatment of drug attacks is to be erected here by the Chinese authorities, in the near future. The plan for the establishment of such an institute is being promoted by the Ministry of Judicial Administration, while the building schemes are in the hands of the City Government of Greater Shanghai. In support of the plan, the Kiangsu High Court, together with the Nantao District Court, the Kiangsu Second Branch High Court, the First Shanghai Special District Court, the Kiangsu Third Branch High Court, the Second Shanghai Special District Court, and the City Government of Greater Shanghai have arranged to raise the funds. The building schemes have been drafted by the City Government and copies have been sent to the various courts for examination. The hospital will be under the joint supervision of the Health Bureau and the Public Safety Bureau of the City Government.

Bandits Kidnap Chinese Postmaster in Hupeh

According to a message received at the Ministry of Communications in Nanking from Yinghsi, a district in western Hupeh, Chang Hsueh-chung, postal commissioner in that locality, was carried away from his office by bandits on October 21. The Ministry of Communications has telegraphed General Chiang Kai-shek to instruct troops in that region to rescue the commissioner.

British Captives Released By Bandits

Mrs. Muriel Pawley and Charles Corkran, the two British subjects who were kidnapped by bandits near the Newchwang Race Course on September 7, were released October 20 as a result of the efforts of the Seigidan, a Japanese patriotic organization, assisted by Japanese military officers. The amount of ransom that was paid has not been definitely made known, the amount being euphemistically referred to as a "solatium to cover traveling expenses." Just before the negotiations came to an end, the following items were mentioned: Yen 130,000. 150 ounces of opium, winter uniforms for the bandits, immunity from punishment, and incorporation into the Manchukuo Police Force.

Thrilling details of the negotiations leading to the eventual release were made public in a *Reuter* telegram from Newchwang. Mr. Wutzumi, who is attached to the Manchukuo mobile police force, arrived at the bandit camp where, after prolonged discussions he had volunteered to negotiate with the bandits on a friendly basis. He was escorted to the camp by four friendly ex-bandits and when he arrived there he was greeted cordially but the bandits refused to surrender the captives although they accepted the gifts Mr. Wutzumi had brought of opium and cigarettes. They also admitted that their original ransom demands were mere bluff. They agreed that on Oct. 13 they would be ready to talk with the intermediaries again. Meanwhile, 700 men, all ex-brigands, under the instructions of the Japanese military authorities had moved southward in a protecting circle north and south of Taian, near where the bandits were then encamped. Mr. Wutzumi on the agreed date proceeded to the camp, now nearer Panshan, with presents of opium, and in a friendly manner suggested that the captives had better be surrendered without delay, as the force at Kaotien might possibly endeavor to seize the captives by force, which even if it meant the death of the two Britons, would also mean the complete extermination of their kidnappers. Pei Pa-tien, the brigand chief, expressed to Mr. Wutzumi his anxiety to clear himself of the responsibility for holding the captives. He incidentally reduced the ransom demands and granted five days' grace in which to consider them, but he retained in the camp two members of Mr. Wutzumi's guard. Next day the members of the Japanese release party arrived in Panshan and proceeded directly to the bandit camp. After a heated interview Mr. Koshinada offered his assistance to Pei as intermediary, suggesting that a friendly letter be written to the British Consul at Panshan. Pei Pa-Tien agreed to move closer to Panshan, provided the ransom list, which he had amended, were immediately executed. The list included 40 rings, five suits of full military officers' uniforms, fur overcoats, fur boots and caps, Sam Browns, five complete suits of civilian clothing lined in satin with broadcloth overcoats to match and five pairs of shoes, gold watches and trinkets and finally a complete barber's outfit. No ransom was mentioned except a monetary solatium for traveling expenses. Local tailors got these gifts ready in two days' time, thus enabling the rescue party to return to Panshan. On October 18 messengers were despatched to the bandit camp to report to Pei Pa-tien that all was ready, and to request him to move his camp closer to Panshan, as he had promised. The following day a party started out from Newchwang early in the morning, consisting of 28 Manchukuo guards, Captain Kwahito, who headed the Japanese intermediary party, Mr. Wutzumi, two other Japanese all disguised as Chinese civilians, and four Chinese. A cart flying the Japanese flag and loaded with presents accompanied. Some of the party proceeded to Wangchiapu, a tiny village adjacent to the bandit camp. The captives, had been told to pack up their belonging and had been moved from their quarters in Wangchiapu where they had spent the five nights previous, to Suenchiatien. Here they were placed in a filthy, windowless hovel, without knowing what was going on, and later were started on a march to Tapan, where the main rescue party was waiting.

The captives appeared there about seven o'clock in the evening, together with the members of the rescue party who had gone ahead. They had not been tortured or illtreated. but owing to lack of decent fare and proper clothing were dirty, lice-infected, and exhausted. They were later escorted to Newchwang where they got a rousing reception from their friends. Mrs. Pawley has in the meantime proceeded to Dairen on a holiday.

Chinese Government Investigates Ekvall Murder

The Chinese government on October 21 dispatched from Peiping a special representative to Sian to investigate the murder of Mr. Ekvall, an employee of the China Inland Motors, who together with Gustav Tornvall and a Japanese disappeared in the vicinity of Sian some time last June. The investigation is believed to be the outcome of protests made by the United States authorities.

Shensi Provincial Authorities Try to Cover Up Crime

In connection with the trip of Lieut. Robert H. Soule, U. S. Army to Shensi, he having arrived in Sianfu October 24, to investigate the murder of Mr. Ekvall, an American connected with the China Inland Motors last June, the Peiping correspondent of the *N. C. D. News* says: "The murder of Messrs. Tornval, Eckvall and their companions just outside Sianfu appears to have become completely forgotton already and likely to go unpunished, although it has been definitely established that the murderers were soldiers of the Chinese army and the unit concerned is quite well known. Indeed, the Shensi provincial authorities seem to have been chiefly occupied in trying to cover up every vestige of the crime."

Frederick Moore as a "Disinterested" Critic on Manchuria

(*Japan Chronicle, Oct. 18*)

The *Seoul Press* retails for its readers' edification some of the views of Frederick Moore, who once represented the *Associated Press* in China. but later became an adviser to the Japanese Foreign Office. Among othe things Mr. Moore was quoted in the Seoul paper as saying:

"As to frequent criticisms of Japanese policy in regard to Sino-Japanese problems by Secretary of State Stimson, Mr. Moore tells the Japanese nation not to pay much attention to his utterances for the Secretary's views are nothing more or less than the views of a lawyer."

Mr. Moore might have remembered that for a long time he has had as a fellow-adviser Dr. Thomas Baty, who, shortly before the recognition of Manchukuo, wrote a long article justifying this action in advance. His article also was "nothing more or less than the views of a lawyer." Are Mr. Moore's own views more or less than those of a lawyer? They are hardly those of a disinterested critic.

Nanking Suspicious of Students from Russia

All governmental offices will be closed to Chinese students who were educated in Russia unless they are in possession of a certificate issued by the Central Kuomintang Headquarters, according to an order received at the Municipality of Greater Shanghai and the local Tangpu from Nanking several days ago. The order states that in recent years many Chinese students, all receiving strict communistic training during their stay in Russia, have returned to China and have secured positions in the governmental organs. This state of affairs is bound to end in future trouble if no precautionary measures are taken, the order stated.

Main Units of U.S. Fleet Return to Philippines

The main units of the U. S. Asiatic Fleet departed from Shanghai for Manila October 25. The flagship *Houston* will remain here until the second week in November, and then sail for Manila, together with two other units. The *Rochester*, station ship, will stay in Shanghai during the winter. These fleet movements are in accordance with the usual practice, the main body of the fleet staying in North China waters during the summer and in the Philippine Islands during the winter.

Central Bank of China Statement as Per October 20

The Supervisory Committee of the Central Bank of China reported Oct. 20 that dollar notes in circulation amounted to $27,412,874, and subsidiary notes to a value of $3,250,980, making a total of $30,663,854, against which there were adequate reserves—namely a cash reserve of $24,849,854, and securities reserve of $5,814,000.

JAPANESE LINE-UP AT GENEVA

(Continued from page 381)

made in his decision even though he might have to reduce the whole country into ashes and that the preparation was daily in progress. At this counter-attack from the Foreign Minister they were dumbfounded. Although I am not perfectly satisfied with the present line-up of our delegates to Geneva I earnestly hope that they push emphatically through Japan's insistence in view of the nation's cooperative spirit at their back. In autumn of last year when the Council met, the conditions at home were different from those at present; there was noticeable the lack of unification of views even among Cabinet Ministers. It is true that at the Cabinet meeting it was decided that further enlargement of the battle line should be withheld, but it cannot be denied that there was difference of opinion between the military and diplomatic circles, and even in military circles there was it seems sometimes discord between officers at home and at the front. It was because of this difference in views that Mr. Yoshizawa, our chief delegate, desperately struggled in connection with the Shanghai Incident, Chinchow attack and several others, and that he was greatly inconvenienced, having to sound the will of the home Government at every new turn of the subject in discussion. Since, however, the national policy has been unified the newly appointed delegates must feel no apprehension in this respect, this time.

Tokyo, October 23, 1932.

Chinese Railways Owe More Than a Billion Dollars

Statistics compiled last week by the Ministry of Railways give the total indebtedness of the various government railways at $1.353 millions up to the end of June last. These obligations include $326 millions due by the railways in the Manchurian provinces. Figures showing the extent of obligations of each Railway are as follow:

Peiping-Hankow Railway	$122,914,331
Tientsin-Pukow Railway	231,905,327
Peiping-Suiyuan Railway	99,980,130
Peiping-Liaoning Railway	25,476,029
Nanking-Shanghai Railway	54,553,176
Shanghai-Hangchow-Ningpo Railway	10,130,677
Kiaochow-Tsinan Railway	56,325,136
Chengting-Taiyuan Railway	1,172,097
Taokow-Chinghua Railway	13,789,082
Lung-Hai Railway	219,225,787
Kaifeng-Loyang Railway	5,992,500
Hupeh-Hunan section of the Canton-Hankow Railway	128,992,130
Canton-Kowloon Railway	28,105,610
Canton-Shiuchow section of the Canton-Hankow Railway	28,862,847
Railways in Manchuria and others not yet completed	326,810,098
Total	$1,353,684,457

Roman Catholic Hospital Celebrates 25th Anniversary

St. Mary's Hospital (Hospital Ste. Marie) in the French Concession, Shanghai, during the week completed 25 years of its existence. During the year 1931-1932 alone, the hospital treated 7,080 patients; there were 560 births in the maternity department: 1,124 operations were performed, of which 756 were major operations, and finally, 2,240 patients were examined or treated in the Department of Radiology. In all in its first quarter of a century of existence, nearly 100,000 patients have been cared for at St. Mary's.

Boxer Funds to Be Loaned to Hangkiang Railway

A contract was recenty signed at Nanking between the British Boxer Fund Board and the Chekiang Provincial government for a loan of £209,000, or $3,500,000, for the completion of the Hangkian Railway. The total cost of the railway project is $7,000,000 of which the Chekiang government is raising $1,000,000 and the Chinese banks in Shanghai $2,500,000. The Boxer Funds Loan Agreement provides that the sum loaned will be redeemed within ten years at five per cent annual interest, and will secure property on the Kinghua-Yushan section of the railway.

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Government Assistance in Developing Shipping Industry

BY PAUL K. WHANG (汪仲芳)

T. K. KING, manager of the Mei Shun Steam Navigation Company, in the course of an interesting paper, read at a meeting of the China Council of the Institute of Pacific Relations, disclosed the exact position of China in the shipping world and the reasons for the slow growth of China's shipping industry. Since Mr. King is an experienced man in the shipping business, his words are worthy to be noted.

According to Mr. King, China, despite the incessant internal strife and the external pressure brought to bear on the country, has trebled her carrying capacity along the coast and rivers during the past ten years. In 1920, China had about 250,000 tons and at present her total tonnage is well up to 750,000 tons. But of this latter tonnage, we are told that some 80 per cent is past the age of economic efficiency.

In comparison with Great Britain's 18,000,000 tons, America's 12,000,000 tons and Japan's 4,000,000 tons, China's position in the shipping world is really of no significance. As the speaker pointed out, China does not even possess a merchant fleet sufficient to meet domestic requirements along the extensive coast line and great length of navigable rivers.

"It is not impossible for China to improve her coastal trasportation with a view in due time to supersede the foreign tonnage," concluded Mr. King, "because the shippers are almost all Chinese. If we can give efficient and satisfactory service and charge the same freight rate, we will have every chance to develop our merchant fleet. But from the beginning government assistance is absolutely necessary."

What strikes us the most is the stress which Mr. King laid upon government assistance in developing our mercantile marine. In my previous articles on the shipping industry, I have reiterated the necessity of government assistance not only for promoting the growth of China's shipping industry, but also arresting its rapid decline. In face of severe foreign competition in Chinese waters, China's infant shipping industry needs double protection and assistance from the government.

The shipowners in the United States and Japan have built up their worldwide shipping interests largely through government support and encouragement. Inasmuch as shipping is the basic industry of a nation, most of the countries in the world have legislated in the interests of their own shipowners. Even in China when the shipping industry was first developed about fifty years ago, the Manchu government then also showed much interest in the promotion and organization of the first Chinese shipping concern, the China Merchants S. N. Company, to which it subscribed a big amount of capital and accorded a monopoly in transporting tribute rice to Peking. Thus China's shipping industry has primarily owed its origin to government support and promotion. But government support was withdrawn when the Company became a private enterprise.

Government Indifferent to Shipping

Since the establishment of the Republic up to 1927, the government throughout these years maintained an indifferent attitude toward the shipping industry. In no single instance, did it offer any encouragement and assistance to Chinese shipowners, but on the other hand, Chinese-owned ships were frequently seized and detained indefinitely by military warlords for transporting soldiers and munitions without any compensation. During the years from 1927, the shipping business was especially hard hit by the constant civil strife along the Yangtsze Valley, and the losses to Chinses shipowners were incalculable.

This indifferent policy on the part of the government was somewhat changed with the ascendancy of the Kuomintang power in 1927. With the announced purpose of carrying out Dr. Sun's Three Principles and building up a state-owned shipping industry, the National Government took over the control of the China Merchants S. N. Co. from its private owners in the spring of 1928. Since then the Ministry of Communications has repeatedly made public its plans of developing China's shipping industry and promised to issue navigation bonds for the purpose of financing Chinese ship-owners. But so far the plans have remained on paper and the promises have never been kept.

While the promised assistance has not been forthcoming, Chinese ship-owners in the meantime have been more molested than before by the seizure of their ships for military service. The frequent occurrence of civil strife during the past five years has left Chinese-owned shipping concerns in such a bankrupted state that financially they are no longer in a position to replace the old and obsolete ships with new and modern ones, whence it can be realized why 80 per cent of the present Chinese tonnage is past its economic age. Under such conditions it is idle to talk about the rendition of navigation rights, when China does not even possess a merchant fleet big and modern enough to compete with the foreign ships in Chinese waters.

We have even reasons to doubt the sincerity of the government in reorganizing the China Merchants Steam Navigation Company. For five years the government has operated this private enterprise for the alleged purpose of its re-organization, but its administration so far has proved a complete *fiasco*. It has not added a new ship and built a new godown on behalf of the Company, but on the other hand the Company's total indebtedness in the meantime has increased about three times, according to the report of Marquis Li, the present general manager of the Company. If the government can not even rehabilitate the China Merchants, which is directly under its control, how can we entertain any hope of government assistance given to other Chinese ship-owners in general?

If the government can not rehabilitate the China Merchants Company after five years' trial, it should acknowledge its failure and return the control of the Company to the private owners. To persist in controlling that Company on the subterfuge of its re-organization but without giving it any material assistance will not only cause it to sink deeper and deeper into the hole, but will also discourage the general growth of China's shipping industry.

Furthermore, if the government can not give assistance to Chinese ship-owners, it should at least refrain from interfering with Chinese shipping business by commandeering merchant ships, so as to let Chinese shipowners have a chance to conduct their legitimate business with a profit. Under the present unhealthy conditions, no enterprising Chinese will take the risk to invest their wealth in shipping business, when they find that ships under the Chinese flag are not given any protection whatever either from military seizure or from foreign competition.

Government Should Act, Not Talk

The government should talk less about its elaborate shipping programs, and act more on its promises. What is the use to talk, when it has no mind to act? Empty talks and promises will not serve any good purpose, but only reflect upon the bad faith of the government.

While we may have some sympathy with the financial difficulty of the government, we nevertheless must be excused for saying that what the government lacks is not money but wisdom in disposing of the money. Aside from the heavy military expenditure which practically eats up the national revenue, the government is still on the market seeking huge loans for launching costly campaigns against communists and what not. If this huge amount of money which was and has been wasted in waging useless wars against the communists can be saved and invested in our different forms of industry, it will go a long way to eradicate the cause of Red-banditry and general unrest. The Chinese government will have more than enough money to assist the development of China's shipping, silk, cotton and other industries, if it can see the wisdom of cutting down its heavy military expenditure by disbanding its large but useless army.

It is ironical that while the Chinese government has spent a fortune in purchasing a new gunboat from Japan, it is too poor to make any loans to Chinese shipowners. What is the use of keeping our antiquated navy, when it is big enough to create domestic trouble, but not big enough to fight our foreign enemy? It is a good suggestion that the Chinese government instead of wasting any more money in maintaining this useless navy should convert these warships into a merchant fleet that will serve China's more urgent needs.

Therefore if the government can revise its budget and cut down all the unnecessary expenditure, it will not be as poor as it professes to be. It can not excuse itself for not giving assistance to any industry on the score of poverty when its military expenditure is as heavy as today.

In conclusion, government assistance, as Mr. King said, is absolutely necessary for the development of our mercantile marine. Then if the government has no disposition to give assistance, it should at least protect Chinese shipping interests from illegal military seizure, so that Chinese shipowners can have the same opportunity to conduct their business as foreign ship-owners in Chinese waters.

Shanghai, Oct. 22, 1932.

Soviet Russia Continues to Develop Its Industries

(Information Supplied by Tass News Agency)

Refrigerator Plant Starts Working at Vladivostok

The first section of the large cold storage and refrigerating plant that is being constructed at Vladivostok has commenced operating. It occupies two of the five stories of the building and has storage room for 4,000 tons of fish, with a daily fish refrigeration capacity of 60 tons.

Huge Electro-Chemical Mill for Central Asia

An enormous electro-chemical plant which will produce fertilizers for the cotton-fields of Central Asia is being constructed on the banks of the Chirchik River, in Central Asia, within 25 miles of Tashkent. The plant will consist of a power station of 280,000 kilowatts capacity and a nitrogen factory.

The plan of work for the next three years includes the building of a great dam, second only to that of Dnieprostroy, a canal 25 kilometers in length, two hydro-stations, a nitrogen mill and a workers' village to accommodate 10,000 people.

Great Flour Mill for Trans-Caucasia Now Under Construction

A great flour mill is now being built at Navtlug, not far from Tiflis, Caucasus. Very shortly the machine section of the mill will commence operations, with an annual output of 14,000 tons. The flour mill proper, when fully operating, will have a capacity of 200 tons daily. A bakery will turn out 100 tons of bread each day. Other sections of the project are a grain elevator with a capacity of 16,400 tons and a biscuit factory.

New Oil Discovery in Soviet Russia

Layers of oil-saturated schist were recently discovered along the Yarenga and Ocheya rivers in the northern region of Russia. In connection therewith a Soviet geological expedition has been commissioned to the district for exploration work. A recent message from Archangel states that the discorery of oil in this region confirms the hypothesis regarding the existence of an oil belt running along the entire western slope of the Urals.

Moscow Builds Hotel for Foreign Tourists

A twelve-story hotel, with 900 apartments and rooms, is about to be built in the center of Moscow for the accommodation of foreign tourists. The hotel will have all modern facilities, including a huge restaurant, cafes, billiard rooms and bars, a garage and a separate entrance to the station of the underground railway now being built in the city. The hotel will be opened towards the end of 1933. A group of architects and artists is engaged in designing beautiful and convenient types of furniture for the hotel rooms.

Shanghai Enamel Industry Develops Rapidly

The current number of the *Chinese Economic Bulletin* notes the great development that has taken in the production of enamel ware in China in recent years. There are 60 furnaces in various Shanghai factories, with Hwa Feng and I Feng each having 16 furnaces. The Chu Feng is the oldest concern of its kind, but its business has declined recently owing to the Sino-Japanese trouble in Shanghai. The Chung Hwa Company, with a capital of ₹60,000 showed considerable business expansion last year, while the trade done by the Chiu Sin and Shanghai concerns, both only recently established, has been also increasing. The total output of the various Shanghai factories during 1931 amounted in value to ₹6,000,000. In former days the enamelware business in China was almost monopolized by Japan, but China is now able to produce articles which compare very favorably with those from abroad.

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Full Text of Lytton Commission of Enquiry's Report

The publication of the full text of the Lytton Commission's Report was commenced in "The Review" of Oct. 22 and will be continued until the end of the eighth chapter is reached. The ninth and tenth (concluding) chapters were printed in full in the Oct. 15 issue of "The Review."

CHAPTER II

1. Description

Manchuria—which is known in China as the Three Eastern Provinces—a large fertile region only forty years ago almost undeveloped and even now still under-populated, has assumed an increasingly important role in the solution of the surplus population problems of China and Japan. The provinces of Shantung and Hopei have poured millions of destitute farmers into Manchuria, while Japan has exported to that country her manufactured articles and capital, in exchange for food supplies and raw materials. In providing for the respective needs of China and Japan, Manchuria has proved the usefulness of their partnership. Without Japan's activity, Manchuria could not have attracted and absorbed such a large population. Without the influx of Chinese farmers and laborers Manchuria could not have developed so rapidly, providing Japan thereby with a market and with supplies of food, fertilizers, and raw moterials.

Yet, Manchuria so largely dependent on co-operation, was destined, for reasons already indicated, to become a region of conflict: at first between Russia and Japan, later between China and her two powerful neighbors. At first Manchuria entered into this great conflict of policies only as an area, the occupation of which was thought to imply domination of Far Eastern politics. It became coveted for its own sake later, when its agricultural, mineral and forestry resources had been discovered. Exceptional treaty rights were acquired in the first instance by Russia at the expense of China. Those which concerned South Manchuria were subsequently transferred to Japan. The use of the privileges so acquired became more and more instrumental in furthering the economic development of South Manchuria. Strategical considerations have remained paramount, but the extensive economic interests resulting from the active part taken by Russia and Japan in the development of Manchuria found an ever-increasing insistence in the foreign policy of these two countries.

China at first showed little activity in the field of development. She almost allowed Manchuria to pass from her control to that of Russia. Even after the Treaty of Portsmouth, which reaffirmed her sovereignty in Manchuria, the economic activities of Russia and Japan in developing those Provinces figured more prominently than her own in the eyes of the world. Meanwhile the immigration of millions of Chinese farmers settled the future possession of the land. This immigration was in fact an occupation, peaceful inconspicuous, but none the less real. While Russia and Japan were engaged in delimiting their respective spheres of interest in North and South Manchuria, Chinese farmers took possession of the soil, and Manchuria is now unalterably Chinese. In such circumstances China could afford to wait for a favorable opportunity to reassert her sovereign rights. The Russian revolution of 1917 gave her that opportunity in North Manchuria. She began to take a more active part in the government and development of the country which had been so long neglected. In recent years she has tried to diminish Japan's influence in South Manchuria. Growing friction resulted from that policy, the culminating point of which was reached on September 18, 1931.

Population About 30,000,000

The total population is estimated at about 30,000,000, of whom 28,000,000 are said to be Chinese or assimilated Manchus. The number of Koreans is put at 800,000, of whom a large number are congregated in the so-called Chientao District on the Korean border, the remainder being widely scattered in Manchuria. Mongol tribes live in the pasture lands bordering Inner Mongolia, their number being small. There may be about 150,000 Russians in Manchuria, most of them being in the area along the Chinese Eastern Railway, especially at Harbin. About 230,000 Japanese are mainly concentrated in the settlements along the South Manchuria Railway and in the Kwantung Leased Territory (Liaotung Peninsula). The total number of Japanese, Russians and other foreigners (excluding Koreans) in Manchuria does not exceed 400,000.

Manchuria is a vast country with an area as large as that of France and Germany taken together, estimated at about 380,000 square miles. In China it is always referred to as the "Three Eastern Provinces" because of its administrative division into three provinces of Liaoning (or Fengtien) in the South, Kirin in the East, and Heilungkiang in the North. Liaoning is estimated to have an area of 70,000 square miles, Kirin of 100,000, Heilungkiang of over 200,000.

Manchuria is continental in its characteristics. There are two mountain ranges, the Changpai range in the Southeast and the Great Khingan range in the Northwest. Between these two mountain ranges lies the great Manchurian plain, of which the northern part belongs to the basin of the Sungari river and the southern part to that of the Liao river. The watershed between them, which has some historical importance, is a range of hills dividing the Manchurian plain into a northern and a southern part.

Manchuria is bounded on the west by the province of Hopeh and by Outer and Inner Mongolia. Inner Mongolia was formerly divided into three special administrative areas: Jehol, Chahar and Suiyuan, which were given the full status of provinces by the National Government in 1928. Inner Mongolia, and more especially Jehol, has always had relations with Manchuria, and exercises some influence in Manchurian affairs. On the northwest, northeast and east, Manchuria is bounded by the Siberian provinces of the U.S.S.R., on the southeast by Korea, and on the south by the Yellow Sea. The southern end of the Liaotung Peninsula has been held by Japan since 1905. Its area is over 1,300 square miles, and it is administered as a Japanese leased territory. In addition, Japan exercises certain rights over a narrow strip of land, which extends beyond the leased Territory, and which contains the lines of the South Manchuria Railway. The total area is only 108 square miles, whereas the length of the lines is 690 miles.

Transportation Essential

The soil of Manchuria is generally fertile, but its development is dependent on transportation facilities. Many important towns flourish along its rivers and railways. Formerly, development was practically dependent on the river system, which is still of much importance, though the railways have now taken the first place as a means of transport. The production of important crops, such as soya beans, kaoliang, wheat, millet, barley, rice, oats has doubled in fifteen years. In 1929 these crops were estimated at over 875,000,000 bushels. According to estimates given in the Manchurian Year Book 1931 only 12.6 per cent of the total area has been brought under cultivation in 1929, whereas 28.4 per cent was cultivable. A large increase of production may therefore be expected in the future if economic conditions improve. The total value of the agricultural products of Manchuria for the year 1928 was estimated at over £180,000,000 sterling. A large part of the agricultural produce is exported. Pongee or tussah silk is another important article of export from Manchuria.

The mountainous regions are rich in timber and minerals, especially coal. Important deposits of iron and gold are also known to exist, while large quantities of oil shale, dolomite, magnesite, limestone, fireclay, stoatite and silica of excellent quality have been found. The mining industry may therefore be expected to become of great importance.

2. Relations with the Rest of China

Manchuria has, since the dawn of history, been inhabited by various Tungus tribes, who mixed freely with Mongol Tartars. Under the influence of Chinese immigrants of superior civilization they learned to organize themselves, and established several kingdoms which sometimes dominated the northern districts in China and Korea, greater part of Manchuria and some northern districts in China and Korea. The Liao, Chin and Manchu dynasties even conquered large parts or the whole of China over which they ruled for centuries. China, on the other hand, under strong emperors, was able to stem the tide from the north, and in her turn to establish sovereignty over large parts of Manchuria. Colonization by Chinese settlers was practised at a very early date. Various Chinese towns which radiated the influence of Chinese culture through the surrounding districts, date from the same early time. For two thousand years a permanent foothold has been maintained, and Chinese culture has always been active in the southernmost part of Manchuria. The influence of this culture had become very strong during the rule of the Ming dynasty (1368-1644), whose authority extended over practically the whole of Manchuria. The Manchus were permeated by Chinese culture and had amalgamated to a great extent with the Chinese before they overthrew the Ming administration in Manchuria in 1616, and in 1628 passed the Great Wall to conquer China. In the Manchu army were large numbers of Chinese who were organized in separate military units known as Chinese Banners.

After the conquest, the Manchus quartered their garrisons in the more important cities of China, forbade Manchus to engage in certain professions, prohibited intermarriage between Manchus and Chinese into Manchuria and Mongolia. These measures were inspired more by political than by racial discrimination, and aimed at safeguarding the permanent dominance of the dynasty. They did not affect the numerous Chinese Bannermen, who enjoyed practically the same privileged status as the Manchus themselves.

The exodus for the Manchus and their Chinese allies greatly reduced the population of Manchuria. However, in the south, Chinese communities continued to exist. From this foothold a few settlers spread across the central part of Fengtien Province. Their number was increased by a continuous infiltration of immigrants from China, who succeeded in evading the exclusion laws, or who had profited by their modifications from time to time. Manchus and Chinese became still more amalgamated, and even the Manchu language was virtually replaced by Chinese. The Mongols, however, were not assimilated but pushed back by the advancing immigrants. Finally, to stem the Russian advance from the north, the Manchu Government decided to encourage Chinese immigration. In 1878 various parts of Manchuria were accordingly opened and various forms of encouragement given to immigrants, with the result that at the time of the Chinese Revolution in 1911, the population of Manchuria was estimated at 18,000,000.

Manchus Reform Administration

In 1907, a few years only before its abdication, the Manchu Dynasty had decided to reform the administration in Manchuria. These provinces had hitherto been administered as a separate, extramural dominion, with its own form of government. The Chinese practice of entrusting the civil administration in the provinces to scholars who had passed the competitive examinations had not been followed in Manchuria, which had been placed under a purely military regime in which Manchu officials and traditions were maintained. In China officials were not allowed to hold office in their native province. Each Manchurian province had a military governor, who exercised complete power in civil as well as in military matters. Later, attempts had been made to separate military and civil administration. The results were not satisfactory. The demarcation of the respective spheres of authority was not adequate; misunderstandings and intrigues were frequent and inefficiency resulted. In 1907, therefore, this attempt was given up. The three military governors were replaced by a Viceroy for all Manchuria, with the object of centralizing authority, especially in the domain of foreign policy. Provincial civil governors under the control of the Viceroy were in charge of provincial administration. This reorganization prepared the way for the later administrative reforms which introduced the Chinese system of provincial government. These last measures of the Manchus were very effective, thanks to the able administrators in charge of Manchurian affairs after 1907.

When the Revolution broke out in 1911, the Manchurian authorities who were not in favor of the Republic succeeded in saving these provinces from the turmoil of civil war, by ordering Chang Tso-lin, who was later to become the dictator of both Manchuria and North China, to resist the advance of the revolutionary troops. When the Republic had been established, the Manchurian authorities accepted the fait accompli and voluntarily followed the leadership of Yuan Shih-kai, who was chosen the first President of the Republic. To each province both civil and military governors were appointed. In Manchuria as in the rest of China the military governors soon succeeded in putting their civil colleagues to the background.

In 1916, Chang Tso-lin was appointed military governor of Fengtien Province, concurrently acting as civil governor. His personal influence extended much further. When the question arose of declaring war against Germany, he joined the military leaders in China in their request to dissolve the Parliament which had opposed that measure. When the request was rejected by the President he declared his province independent from the Central Government at Peking. Later,

he withdrew that declaration and in 1918, in recognition to his service to the Central Government, he was appointed Inspector-General of all Manchuria. In this way Manchuria again became an administrative unit with its own special regime.

Chang Tso-lin accepted the honors accorded by the Central Government, but this attitude from time to time depended on the nature of his personal relations with the military leaders who controlled the changing central authorities. He seems to have looked upon his relations with the Government in the sense of a personal alliance. In July, 1928, when he failed to establish his authority south of the Great Wall and saw his rivals taking control of the Peking Government, he renounced allegiance to the Central Government and maintained complete independence of action in Manchuria until he extended his authority south of the Wall and became master of Peking as well. He expressed his willingness to respect foreign rights, and accepted the obligations of China, but he requested foreign Powers to negotiate henceforth directly with his administration in all matters concerning Manchuria.

Soviet Agreement Changed

Accordingly, he repudiated the Sino-Soviet agreement of May 31, 1924, though very advantageous to China, and persuaded the U.S.S.R. to conclude a separate agreement with him in September, 1924. It was virtually identical with that of May 31, 1924, with the Central Government. This fact emphasized Chang Tso-lin's insistence on the recognition of his complete independence of action, both in domestic and foreign policy.

In 1924 he invaded China again and was successful, because General (now Marshal) Feng Yu-hsiang abandoned his superior, General (now Marshal) Wu Pei-fu, at a critical moment in the campaign. The immediate result was the overthrow of the Central Government and the expansion of Marshal Chang's influence as far south as Shanghai.

In 1925 Marshal Chang had again to resort to arms, this time against his late ally, General Feng. In this campaign one of his commanders, Kuo Sung-lin, abandoned him at most critical moment in favor of General Feng. The mutiny of Kuo Sung-lin, in November, 1925, was of more than passing interest, because it involved both the U.S.S.R. and Japan, the action of the former having been indirectly of advantage to General Feng, and that of the latter to Marshal Chang. Kuo Sung-lin, though a subordinate of the Marshal, shared General Feng's views about social reform, and turned against his superior in the belief that his downfall was necessary to put an end to civil war. This defection put the Marshal in a most critical position. Kuo Sung-lin was in possession of the territory west of the railway and the Marshal was at Mukden with greatly reduced forces. At this moment Japan, in her own interests in South Manchuria, declared a neutral zone of 20 li (7 miles) on each side of the South Manchuria Railway, across which she would allow no troops to pass. This prevented Kuo Sung-lin from advancing against the Marshal and allowed time for the re-enforcements from Heilungkiang to reach him. They were delayed by the action of Soviet railway authorities who refused to allow them to travel over the Railway without first paying their fares in cash, but they managed to travel by another route. The arrival of these re-enforcements and the more or less open help given by the Japanese settled the campaign in the Marshal's favor. Kuo Sung-lin was defeated and General Feng was forced to withdraw and abandon Peking to Marshal Chang. Marshal Chang resented the action of the authorities of the Chinese Eastern Railway on this occasion and left no stone unturned to retaliate by continuous encroachments on the rights of this railway. The experience provided by this incident appears to have been an important factor in causing him to build an independent railway system connecting the three provincial capitals of Manchuria.

The independence declared by Marshal Chang Tso-lin at different times never meant that he or the people of Manchuria wished to be separated from China. His armies did not invade China as if it were a foreign country, but merely as participants in the civil war. Like the warlords of any other province, the Marshal alternately supported, attacked or declared his territory independent of the Central Government, but never in such a way as to involve the partition of China into separate states. On the contrary, most Chinese civil wars were directly or indirectly connected with some ambitious scheme to unify the country under a really strong Government. Through all its wars and periods of "independence," therefore, Manchuria remained an integral part of China.

Did Not Favor Constitution

Although Marshal Chang Tso-lin and the Kuomintang had been allies in the wars against Wu Pei-fu, the former did not himself accept the doctrines of the Kuomintang. He did not approve of the constitution as desired by Dr. Sun, as it did not seem to him to harmonize with the spirit of the Chinese people; but he desired the unification of China, and his policy with regard to the spheres of interest of the U.S.S.R. and Japan in Manchuria shows that he would have liquidated both if he could have done so. Indeed, he almost succeeded in accomplishing this in the case of the sphere of the U.S.S.R., and initiated the policy of railway construction already referred to, a result of which was to cut off the South Manchuria Railway from some of its feeder districts. This attitude toward U.S.S.R. and Japanese interests in Manchuria may be attributed partly to impatience at the limitations of his authority in dealing with these countries, and partly to the resentment which he shared with all shades of Chinese opinion regarding the privileged position of foreigners in China. In fact, in November, 1924, he invited Dr. Sun to a Reorganization Conference in the program of which the latter wanted to include the improvement of the standard of living, the convening of a National Convention and the abolition of unequal treaties. Dr. Sun's fatal illness prevented this conference from taking place; but his proposals suggest a certain understanding with the Marshal and a possible basis of agreement between them with regard to the foreign policy of their country.

In the last years of his life, Marshal Chang Tso-lin showed increasing unwillingness to allow Japan to profit by the privileges she derived from various treaties and agreements. Their relations at times became somewhat strained. Japanese advice that he should keep out of the factional strife in China and concentrate his energy on the development of Manchuria he resented and disregarded, as did his son after him. After the defeat of General Feng, Chang Tso-lin became the chief of the alliance of the Northern militarists, with the title of Great Marshal.

In 1928 he suffered defeat at the hands of the Kuomintang army, in their Northern Expedition referred to in Chapter 1, and was advised by Japan to withdraw his armies into Manchuria before it was too late. The declared object of Japan was to save Manchuria from the evils of civil war which would have resulted from the entry of a defeated army pursued by its victors.

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The Marshal resented the advice, but was obliged to follow it. He left Peiping (formerly Peking) on June 3, 1928, for Mukden, but was killed the next day by an explosion which wrecked his train just outside the city at the spot where the Peiping-Mukden Railway passes underneath the bridge over which run the lines of the South Manchuria Railway.

Shrouded in Mystery

The responsibility for this murder has never been established. The tragedy remains shrouded in mystery, but the suspicion of Japanese complicity to which it gave rise became an additional factor in the state of tension which Sino-Japanese relations had already reached by that time.

After the death of Marshal Chang Tso-lin his son, Chang Hsueh-liang became the ruler of Manchuria. He shared many of the national aspirations of the younger generation, and desired to stop civil warfare and assist the Kuomintang in its policy of unification. As Japan had already some experience of the policy and tendencies of the Kuomintang, she did not welcome the prospect of such influence penetrating into Manchuria. The Young Marshal was advised accordingly. Like his father, he resented that advice and decided to follow his own counsel. His relations with the Kuomintang and with Nanking became closer, and in December, 1928, he accepted the national flag and declared his allegiance to the Central Government. He was made Commander-in-Chief of the Northeastern Frontier Army and was also confirmed as chief of the administration of Manchuria, with the addition of Jehol, a part of Inner Mongolia with an area of about 60,000 square miles.

The union of Manchuria with Nationalist China necessitated some changes in the administrative organization, which was made to approximate that of the Central Government. The committee system was introduced and Kuomintang headquarters were established. In reality, the old system and its personnel continued to function as before. The interference of party branches with the local administrations, such as continually occurred in China, was not tolerated in Manchuria. The provision which required all important military officers and civil officials to be members of the Kuomintang was treated as a mere formality. The relationship with the Central Government depended in all affairs, military, civil, financial and foreign, on voluntary co-operation. Orders or instructions requiring unquestioning obedience would not have been tolerated. Appointments or dismissals against the wishes of the Manchurian authorities were unthinkable. In various other parts of China a similar independence of action in Government and party affairs existed. All important appointments are, in such cases, really made by the local authorities and only confirmed by the Central Government.

Foreign Policy Affected

In the domain of foreign policy, the union of Manchuria with the Nationalist Government was to have more important consequences, although, in this respect, the local authorities were also left much liberty of action. The persistent assaults of Marshal Chang Tso-lin on the position of the Chinese Eastern Railway in Manchuria, and his disregard of certain rights claimed by Japan, show that in Manchuria a "forward policy" had already been adopted before the union with the Nationalists. However, after the union, Manchuria was opened to well-organized and systematic Kuomintang propaganda. In its official party publication and numerous affiliated organs it never ceased to insist on the primary importance of the recovery of lost sovereign rights, and abolition of unequal treaties, and the wickedness of imperialism. Such propaganda was bound to make a profound impression in Manchuria, where the reality of foreign interests, courts, police, guards or soldiers on Chinese soil was apparent. Through the Nationalist schoolbooks Party propaganda entered the schools. Associations such as the Liaoning Peoples' Foreign Policy Association made their appearance. They stimulated and intensified the nationalist sentiment and carried on an anti-Japanese agitation. Pressure was brought to bear on Chinese house-owners and landlords to raise the rents of Japanese and Korean tenants, or to refuse renewal of rent contracts. The Japanese reported to the commission many cases of this nature. Korean settlers were subjected to systematic persecution. Various orders and instructions of an anti-Japanese nature were issued. Cases of friction accumulated, and dangerous tension developed. The Kuomintang Party Headquarters in the provincial capitals were established in March, 1931, and subsequently branch organizations were set up in the other towns and districts. Party propagandists from China came North in increasing numbers. The Japanese complained that the anti-Japanese agitation was intensified every day. In April, 1931, a five days' conference under the auspices of the People's Foreign Policy Association was held at Mukden, with over three hundred delegates from various parts of Manchuria in attendance. The possibility of liquidating the Japanese position in Manchuria was discussed, the recovery of the South Manchuria Railway being included in the resolutions adopted. At the same time, the U.S.S.R. and her citizens suffered from similar tendencies, while the White Russians, although they had no sovereign rights or exceptional privileges to surrender, were subjected to humiliation and ill-treatment.

As regards domestic affairs, the Manchurian authorities had retained all the power they wanted, and they had no objection to following administrative rules and methods adopted by the Central Government so long as the essentials of power were not affected.

Political Committee Formed

Soon after the union, the Political Committee of the Northeastern Provinces was established at Mukden. It was, under the nominal supervision of the Central Government, the highest administrative authority in the northeastern Provinces. It consisted of 13 members, who elected one of their number as President. The committee was responsible for the direction and supervision of the work of the governments of the four provinces of Liaoning, Kirin, Heilungkiang and Jehol, and of the so-called Special District which, since 1922, had replaced the administrative sphere of the Chinese Eastern Railway. The committee had authority to deal with all matters not specifically reserved to the Central Government, and to take any action which did not conflict with their laws nad orders. It was the duty of the Special District to carry out the governments of the provinces and of decisions reached by the committee.

The administrative system of the provinces did not differ essentially from the organization adopted in the rest of China. The concession made with regard to the preservation of Manchuria as an administrative unit was the most important difference. Without this concession, voluntary union would probably not have taken place. In fact, notwithstanding external changes, the old conditions continued to exist. The Manchurian authorities realized that as before their power derived much more from their armies than from Nanking.

This fact explains the maintenance of large standing armies numbering about 250,000 men, and of the huge arsenal on which more than $200,000,000 (silver) are reported to have been spent. Military expenses are estimated to have amounted to 80 percent of the total expenditure. The remainder was not sufficient to provide for the costs of administration, police, justice and education. The treasury was not capable of paying adequate salaries to the officials. As all power rested in the hands of a few military men, office could be obtained only through them. Nepotism, corruption and maladministration continued to be the unavoidable consequences of this state of affairs. The Commission found grave complaints concerning this maladministration to be widely current. This state of affairs, however, was not peculior to Manchuria as similar or even worse conditions existed in other parts of China.

Heavy taxation was needed for the upkeep of the army. As ordinary revenues were still insufficient, the authorities further taxed the people by steadily depreciating the irredeemable provincial currencies. This was often done, particularly of late, in connection with "official bean-buying" operations, which by 1930 had already assumed monopolistic proportions. By gaining control over Manchuria's staple products, the authorities had hoped to enhance their gains by compelling the foreign bean-buyers, particularly the Japanese, to pay higher prices. Such transactions show the extent to which the authorities controlled banks and commerce. Officials likewise engaged freely in all sorts of private enterprise, and used their power to gather wealth for themselves and their favorites.

Achievements Noted

Whatever the shortcomings of the administration in Manchuria may have been in the period preceding the events of September, 1931, efforts were made in some parts of the country to improve the administration, and certain achievements must be noted, particularly in the field of educational progress, of municipal administration, and public utility work. It is necessary in particular to emphasize that during this period, under the administration of Marshal Chang Tso-lin and Marshal Chang Hseh-liang, the Chinese population and Chinese interests played a much greater part than formerly in the development and organization of the economic resources of Manchuria.

The extensive settlement of Chinese immigrants, already mentioned, helped to develop the economic and social relations between Manchuria and the rest of China. But apart from this colonization, it was during this period that Chinese railways, independent of Japanese capital, notably the Mukden-Hailung, the Tahushan-Tungliao (a branch of the Peiping-Mukden system), the Tsitsihar-Koshan, and the Hulun-Hailun railways, were built, and that the Hulutao Harbor project, the Liao River Conservancy work, and some navigation enterprises on various rivers, were started. Official and private Chinese interests participated in many enterprises. In mining, they had an interest in the Penhsihu, Muling, Chalainoerh and Laotoukou coal mines, and sole responsibility for the development of other mines, many of them under the direction of the official North-Eastern Mining Administration: they were also interested in gold mining in Heilungkiang province. In forestry they had a joint interest with Japanese in the Yalu Timber Company, and were engaged in the timber industry in Heilungkiang and Kirin provinces. Agricultural experimental stations were started in various places in Manchuria, and agricultural associations and irrigation projects were encouraged. Finally, Chinese interests were engaged in milling and textile industries, bean, oil and flour mills in Harbin, spinning and weaving mills for Pongee or Tussah silk, cotton and wool.

Commerce between Manchuria and the rest of China also increased. This trade was partly financed by Chinese banks, notably the Bank of China, which had established branches in the leading towns in Manchuria. Chinese steamships and native junks plied between China Proper and Dairen, Yingkow (Newchwang) and Antung. They carried increasing amounts of cargo and occupied second place in Manchuria's shipping, being exceeded only by Japanese tonnage. Chinese insurance business was also on the increase, and the Chinese Maritime Customs derived an ever-increasing revenue from the trade of Manchuria.

Thus, during the period preceding the conflict between China and Japan, both the political and economic ties between Manchuria and the rest of China were gradually strengthened. This growing interdependence contributed to induce Chinese leaders, both in Manchuria and in Nanking, to pursue an increasingly nationalist policy directed against the interests and rights acquired by Russia or Japan.

3. Relations With Russia

The Sino-Japanese war of 1894-95 had given Russia an opportunity to intervene, ostensibly on behalf of China, but in fact in her own interest, as subsequent events proved. Japan was forced by diplomatic pressure to return to China the Liaotung Peninsula in South Manchuria, which had been ceded to Japan by the Treaty of Shimonoseki in 1895, and Russia assisted China to pay off the war indemnities which had been imposed by Japan. In 1896 a secret defensive alliance was concluded between the two countries, and in the same year, in consideration of the services above referred to, Russia was authorized by China to carry a branch of the Trans-Siberian Railway across Manchuria in a direct line from Chita to Vladivostok. This line was said to be needed for the transportation of Russian forces to be sent to the East in case Japan should again attack China. The Russo-Chinese Bank (later Russo-Asiatic Bank) was established to mask somewhat the official character of the enterprise. The Bank formed in its turn the Chinese Eastern Railway Company for the construction and operation of the railway. By the terms of the contract of September 8, 1896, between the Bank and the Chinese Government, the Company was to build the railway and operate it for eighty years, at the end of which it was to become the property of China free of charge, but China had the right of purchasing it at a price to be agreed upon at the end of thirty years. During the period of the contract the company was to have the absolute and exclusive right of administration of its lands. This clause was interpreted by Russia in a much broader way than various other stipulations in the contract seem to warrant. China protested against the continuous Russian attempts to enlarge the scope of the contract, but was not able to prevent it. Russia gradually succeeded in exercising in the Chinese Eastern Railway area, with its rapidly developing railway towns, rights equivalent to rights of sovereignty. China had also consented to hand over free of charge all government lands needed by the railway, while private lands might be expropriated at current prices. The Company had furthermore been permitted to construct and operate the telegraph lines necessary for its own use.

In 1898, Russia secured a lease for twenty-five years of the southern part of the Liaotung Peninsula, which Japan had been forced to give up in 1895, and also secured the right to connect the Chinese Eastern Railway at Harbin with Port Authur and Dalny (now Dairen), in the leased territory. Authority was given for the construction of a naval port at Port Arthur. In the area traversed by this branch line the Company was granted the right to cut timber and to mine coal

for the use of the railway. All the stipulations of the contract of September 8, 1896, were extended to the supplementary branches. Russia was authorized to make her own tariff arrangements inside the leased territory. In 1899 Dalny (now Dairen) was declared a free port and opened to foreign shipping and commerce. No railway privileges were to be given to the subjects of other Powers in the area traversed by the branch line. In the neutral ground north of the leased territory no ports were to be opened to foreign trade and no concessions or privileges were to be granted without the consent of Russia.

In 1900 Russia occupied Manchuria on the ground that the Boxer rising had endangered her nationals. Other Powers protested and demanded the withdrawal of her forces, but Russia delayed taking action in this sense. In February, 1901, the draft of a secret Sino-Russian treaty was discussed in St. Petersburg, by the terms of which China, in turn for the restoration of her civil authority in Manchuria, was to sanction the maintenance of the railway guards which Russia had established under Clause 6 of the fundamental contract of 1896, and to engage not to transfer to other nations or their subjects, without the consent of Russia, mines or other interests in Manchuria, Mongolia, and Sinkiang. These and some other clauses in the draft treaty, when they became known, aroused opposition from public opinion in China and other countries, and on April 3, 1901, the Russian Government issued a circular note to the effect that the project had been withdrawn.

Japan followed these maneuvers with particular attention. On January 30, 1902, she had concluded the Anglo-Japanese treaty of alliance and accordingly felt herself more secure. However, she was still concerned at the prospect of Russian encroachments into Korea and Manchuria. She therefore pressed with the other Powers for the evacuation of the Russian forces in Manchuria. Russia declared her willingness to withdraw on conditions which would have virtually closed Manchuria and Mongolia to other than Russian enterprise. In Korea, Russian pressure increased also. In July, 1902, Russian troops appeared at the mouth of the Yalu River. Several other acts convinced Japan that Russia had decided upon a policy which was a menace to her interests if not to her very existence. In July, 1903, she began negotiations with Russia concerning the maintenance of the policy of the Open Door and the territorial integrity of China, but having met with no success whatever she resorted to war on February 10, 1904. China remained neutral.

Russia was defeated. On September 3, 1905, she concluded the Treaty of Portsmouth, whereby she relinquished her exceptional rights in South Manchuria in favor of Japan. The leased territory and all rights connected with the lease were transferred to Japan, and also the railway between Port Authur and Changchun, with its branches as well as all coal mines in that region belonging to or worked for the benefit of the railway. Both parties agreed to restore to the exclusive administration of China all portions of Manchuria occupied or under the control of their respective troops, with the exception of the leased territory. Both reserved the right to maintain (under certain specified conditions) guards to protect their respective railway lines in Manchuria, the number of such guards not to exceed fifteen per kilometer.

Russia had lost half of her sphere of influence, which was henceforth to be restricted to North Manchuria. She retained her position there and increased her influence in the following years, but, when the Russian revolution broke out in 1917, China decided to reassert her sovereignty in this area.

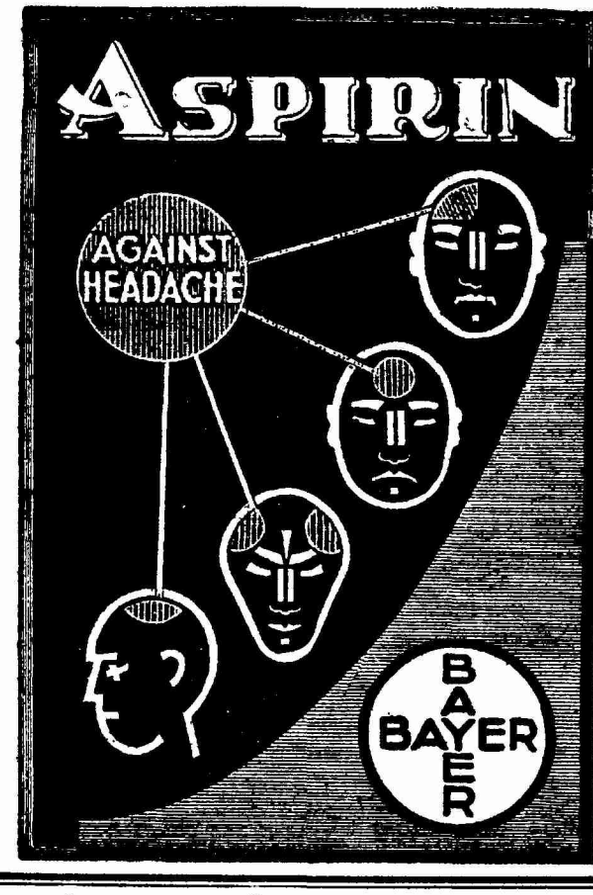
At first her action was restricted to participation in the Allied intervention (1918-20) which, in connection with the chaotic conditions rapidly developing, after the Russian Revolution, in Siberia and North Manchuria, had been proposed by the United States of America for the double purpose of protecting the vast stores of war material and supplies accumulated at Vladivostok and of assisting the evacuation of some 50,000 Czecho-Slovak troops, who were retreating from the eastern front across Siberia. This proposal was accepted and it was arranged that each country should send an expeditionary force of 7,000 men to be assigned to its own special section of the Trans-Siberian line, the C. E. R. being confided to the sole charge of the Chinese. To ensure the working of the railways in co-operation with the Allied forces, a special Inter-Allied Railway Committee was formed in 1919 with the technical and transportation Boards under it. In 1920, the intervention came to an end and the Allied forces were withdrawn from Siberia, except the Japanese, who had become involved in open hostilities with the Bolsheviks. The fighting dragged on for nearly two years. In 1922, after the Washington Conference, the Japanese troops were also withdrawn and, simultaneously, the Inter-Allied Committee with its technical board ceased to exist.

Meanwhile China, after an abortive attempt of General Horvath, the head of the C. E. R., to set up an independent regime in the railway area, assumed responsibility for the preservation of order in that area (1920). In the same year she concluded an agreement with the reorganized Russo-Asiatic Bank, and announced her intention of assuming temporarily supreme control of the railway, pending the conclusion of an agreement with a new Russian Government. China also announced her intention of resuming the advantages conferred on her by the contract of 1896 and the original statutes of the Company. Thenceforth the President and four members of the Board of directors of the Company, and two members of the Audit Committee, were to be nominated by the Chinese Government. Russian predominance was also weakened by other measures which followed. The Russian armed forces in the railway area were disarmed and replaced by Chinese soldiers. The extraterritorial status of Russians was abolished. Their courts were forcibly entered and closed. Russians were made amenable to Chinese law, justice and taxation. They could be arrested by the Chinese police and held by them indefinitely, as the police had large powers and were insufficiently controlled.

In 1922, the railway area which so far had been under the administration of the Company was transformed into a Special District of the Three Eastern Provinces under a Chief Administrator directly responsible to Mukden. The administration of the lands belonging to the railways was also interferred with. Marshal Chang Tso-lin had practically liquidated the Russian sphere before Russia's new government had been recognized, and private interests had suffered heavily in the process. When the Soviet Government succeeded to the Manchurian inheritance of its predecessor the railway had been shorn of most of its privileges.

The declarations of policy made in 1919 and 1920 by the Soviet Government with regard to China implied a complete relinquishment of the special rights which the Imperial Government had acquired in China, notably those acquired in North Manchuria.

In accordance with this policy, the Soviet Government agreed to the regularisation of the fait accompli by a new agreement. By the Sino-Russian agreement of May 31, 1924, the Chinese Eastern Railway became a purely commercial concern under joint management, in



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which China also acquired a financial interest. The Government of the U.S.S.R. had, however, the right of appointing the General Manager, who exercises extensive and ill-defined powers, and, under the Agreement, the Government of the U.S.S.R. exercised a preponderant influence in the affairs of the railway and was able to retain the essential parts of its economic interests in North Manchuria. As mentioned above, the Agreement of May, 1924, concluded with the Chinese Government at Peking, was not accepted by Marshal Chang Tso-lin, who insisted on a separate Agreement being concluded with himself. This Agreement, signed in September, 1924, was almost identical in its terms, but by it the lease of the railway was shortened from eighty to sixty years.

This Agreement did not inaugurate a period of friendly relations between the U.S.S.R. and the administration of Marshal Chang Tso-lin in Manchuria.

The convening of the Conference which was to deal with the many questions left unsettled in the two Agreements of 1924 was postponed on various pretexts. On two occasions in 1925 and 1926 the General Manager of the Chinese Eastern Railway refused to transport troops of the Marshal on the railway. The second incident led to the arrest of the General Manager and to an ultimatum from the U.S.S.R. (January 23, 1926). Nor were these isolated incidents. Nevertheless the Chinese authorities persisted in a policy which was directed against Russian interests and which was resented both by the Government of the U.S.S.R. and by the White Russians.

After the adherence of Manchuria to the Nanking Government, nationalist spirit increased in strength, and the efforts of the U.S.S.R. to maintain predominating control over the railway were, more than ever before, resented. In May, 1929, an attempt was made to liquidate the last remnants of the Russian sphere of interest. The attack started with a raid on the Soviet consulates at various places by the Chinese police, who made many arrests and claimed to have found evidence proving that a communist revolution was being plotted by employees of the Soviet Government and of the Chinese Eastern Railway. In July, the telegraph and telephone systems of the railway were seized, and many important Soviet organizations and enterprises were forcibly closed down. Finally, the Soviet Manager of the railway was requested to hand over the management to a Chinese appointee. He refused to do so, and was thereupon forbidden to carry on his duties. The Chinese authorities replaced freely members of the Soviet staff by their own nominees, many Soviet citizens were arrested, and some were deported. The Chinese justified the violent action taken on the ground that the Soviet Government had broken its pledge not to engage in propaganda directed against the political and social systems of China. The Soviet Government, in its note of May 30, denied the charge.

In consequence of the forcible liquidation of the remaining Russian rights and interests the Soviet Government decided to take action. After the exchange of several notes, it recalled from China its diplomatic and commercial representatives, and all its nominees to posts in the Chinese Eastern Railway, and severed all railway communications between its territory and China. China, likewise, broke off relations with the U.S.S.R. and withdrew all Chinese diplomatic officers from Soviet territory. Raids by Soviet troops across the Manchurian border began, and developed into a military invasion in November, 1929. After having suffered defeat and severe loss of prestige, the Manchurian authorities to whom the Nanking Government entrusted the settlement of the dispute were forced to accept the demands of the U.S.S.R. On December 22, 1929, a protocol was signed at Habarovsk whereby the *status quo* was re-established. During the dispute the Soviet Government had always taken the position, in answer to various Memoranda from third Power signatories to the Pact of Paris, that her action had been taken in legitimate self defence and could in no way be interpreted as a breach of that agreement.

Before describing the interests of Japan in Manchuria, which are dealt with at length in the next chapter, a brief reference must be made in this account of the position of Russia in Manchuria, to the relations between that country and Japan since 1905.

It is an interesting fact that the war between Russia and Japan was followed almost immediately by a policy of close co-operation, and when peace was concluded they were able to strike a satisfactory balance between their respective spheres of interest in North and South Manchuria. Such traces of the conflict as might have remained behind were rapidly effaced by controversies with other Powers who wanted to engage actively in the development of Manchuria. The fear of other rivals hastened the process which was reconciling the two countries. The Treaties of 1907, 1910, 1912, 1916, brought the two countries progressively closer together.

The Russian revolution of 1917, followed by the declarations of the Soviet Government of July 25, 1919 and of October 27, 1920, regarding its policy towards the Chinese people and, later, by the Sino-Soviet agreements of May 31, 1924 and September 20, 1924, shattered the basis of Russo-Japanese understanding and co-operation in Manchuria. This fundamental reversal of policy radically changed the relations of the three Powers in the Far East. Moreover, the Allied intervention (1918-20) with its aftermath of friction between the Japanese and Soviet forces in Siberia (1920-22) had accentuated the change in the relations between Japan and Russia. The attitude of the Soviet Government gave a strong impetus to China's nationalistic aspirations. As the Soviet Government and the Third International had adopted a policy opposed to all imperialist Powers which maintained relations with China on the basis of the existing treaties, it seemed that probably they would support China in the struggle for the recovery of sovereign rights. This development revived all the old anxieties and suspicions of Japan towards her Russian neighbor. This country, with which she had once been at war, had, during the years which followed that war, become a friend and ally. Now this relationship was changed, and the possibility of a danger from across the North Manchurian border again became a matter of concern to Japan. The likelihood of an alliance between the Communist doctrines in the north and the anti-Japanese propaganda of the Kuomintang in the south made the desire to impose between the two a Manchuria which should be free from both increasingly felt in Japan. Japanese misgivings have been still further increased in the last few years by the predominant influence acquired by the U.S.S.R. in Outer Mongolia and the growth of communism in China

The Convention concluded between Japan and the U.S.S.R. in January, 1925, served to establish regular relations, but did not revive the close co-operation of the pre-revolution period.

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I.—Japan's Interests in China

(Before September 18, 1931)

During the quarter of a century before September, 1931, the ties which bound Manchuria to the rest of China were growing stronger and at the same time the interests of Japan in Manchuria were increasing. Manchuria was admittedly a part of China, but it was a part in which Japan had acquired or claimed such exceptional rights, so restricting the exercise of China's sovereign rights, that a conflict between the two countries was a natural result.

By the Treaty of Peking of December, 1905, China gave her consent to the transfer to Japan of the Kwantung Leased Territory which was formerly leased to Russia, and of the southern branch of the Russian-controlled Chinese Eastern Railway as far north as Changchun. In an additional agreement China granted to Japan a concession to improve the military railway line between Antung and Mukden, and to operate it for fifteen years.

In August, 1906, the South Manchuria Railway Company was organized by Imperial Decree to take over and administer the former Russian railway, as well as the Antung-Mukden Railway. The Japanese Government acquired control of the company by taking half of the shares in exchange for the railway, its properties, and the valuable coal mines at Fushun and Yentai. The company was entrusted, in the railway area, with the functions of administration, and was allowed to levy taxes: it was also authorized to engage in mining, electrical enterprises, warehousing, and many other branches of business.

In 1910 Japan annexed Korea. This annexation indirectly increased Japanese rights in Manchuria, since Korean settlers became Japanese subjects over whom Japanese officials exercised jurisdiction.

Leases Extended

In 1915, as a result of the group of exceptional demands made by the Japanese and generally known as the "Twenty-one Demands," Japan and China signed a treaty and exchanged notes on May 25th, regarding South Manchuria and Eastern Inner Mongolia. By these agreements the lease of the Kwantung Territory, including Port Arthur and Dalny (now Dairen), which was originally for a period of 25 years and the concessions for the South Manchuria and the Antung-Mukden railways, were all extended to 99 years. Futhermore, Japanese subjects in South Manchuria acquired the right to travel and reside, to engage in business of any kind, and to lease land necessary for trade, industry and agriculture. Japan also obtained rights of priority for railway and certain other loans in South Manchuria and Eastern Inner Mongolia, and preferential rights regarding the appointment of advisers in South Manchuria. At the Washington conference, 1921-1922, however, Japan relinquished her rights regarding the loans and the advisers.

These treaties and other agreements gave to Japan an important and unusual position in Manchuria. She governed the leased territory with practically full rights of sovereignty. Through the South Manchuria Railway she administered the railway areas, including several towns and large section of such populous cities as Mukden and Changchun; and in these areas she controlled the police, taxation, education and public utilities. She maintained armed forces in many parts of the country; the Kwantung army in the Leased Territory, railway Guards in the railway areas, and consular police throughout the various districts.

This summary of the long list of Japan's rights in Manchuria shows clearly the exceptional character of the political, economic and legal relations created between that country and China in Manchuria. There is probably nowhere in the world an exact parallel to this situation, no example of a country enjoying in the territory of a neighboring state such extensive economic and administrative privileges. A situation of this kind could possibly be maintained without leading to incessant complications and disputes if it were freely desired or accepted on both sides, and if it were the sign and embodiment of a well-considered policy of close collaboration in the economic and in the political sphere. But in the absence of those conditions it could only lead to friction and conflict.

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II.—Conflict Between the Fundamental Interests of Japan and China in Manchuria

The Chinese people regard Manchuria as an integral part of China, and deeply resent any attempt to separate it from the rest of their country Hitherto these Three Eastern Provinces have always been considered both by China and by foreign Powers as a part of China, and the de jure authority of the Chinese Government there has been unquestioned. This is evidenced in many Sino-Japanese treaties and agreements, as well as in other international conventions, and has been reiterated in numerous statements issued officially by foreign offices, including that of Japan.

The Chinese regard Manchuria as their "first line of defence." As Chinese territory, it is looked upon as a sort of buffer against the adjoining territories of Japan and Russia, a region which constitutes an outpost against the penetration of Japanese and Russian influences from these regions into the other parts of China. The facility with which China, south of the Great Wall, including the city of Peiping, can be invaded from Manchuria has been demonstrated to the Chinese from historical experience. This fear of foreign invasion from the northeast has been increased in recent years by the development of railway communication, and has been intensified during the events of the past year.

Manchuria is also regarded by the Chinese as important to them for economic reasons. For decades they have called it the "granary of China," and more recently have regarded it as a region which furnishes seasonal employment to Chinese farmers and laborers from neighboring Chinese provinces.

Whether China as a whole can be said to be overpopulated may be open to question, but that certain regions and provinces, as, for example, Shantung, are now peopled in such numbers as to require emigration is generally accepted by the most competent authorities on this subject. The Chinese, therefore, regard Manchuria as a frontier region, capable of affording relief for the present and future population problems of other parts of China. They deny the statement that the Japanese are principally responsible for the economic development of Manchuria, and point to their own colonization enterprises, especially since 1925, to their railway development and other enterprises in refutation of these claims.

Japanese interests in Manchuria differ both in character and degree from those of any other foreign country. Deep in the mind of every Japanese is the memory of their country's great struggle with Russia in 1904-5, fought on the plains of Manchuria, at Mukden and Liaoyang, along the line of the South Manchuria Railway, at the Yalu River, and in the Liaotung Peninsula. To the Japanese the war with Russia will ever be remembered as a life and death struggle fought in self-defense against the menace of Russian encroachments. The fact that a hundred thousand Japanese soldiers died in this war, and that two billion gold Yen were expended, has created in Japanese

minds a determination that these sacrifices shall not have been made in vain.

Interest Dates from Earlier Period

Japanese interest in Manchuria, however, began ten years before that war. The war with China, in 1894-5, principally over Korea, was largely fought at Port Arthur and on the plains of Manchuria; and the treaty of peace signed at Shimonoseki, ceded to Japan in full sovereignty the Liaotung Peninsula. To the Japanese, the fact that Russia, France and Germany forced them to renounce this cession does not affect their conviction that Japan obtained this part of Manchuria as the result of a successful, war, and thereby acquired a moral right to it which still exists.

Manchuria has been frequently referred to as the "life line" of Japan. Manchuria adjoins Korea, now Japanese territory. The vision of a China, unified, strong and hostile, a nation of four hundred millions, dominant in Manchuria and in Eastern Asia, is disturbing to many Japanese. But to the greater number, when they speak of menace to their national existence and of the necessity of self-defense, they have in mind Russia rather than China. Fundamental, therefore, among the interests of Japan in Manchuria is the strategic importance of this territory.

There are those in Japan who think that she should entrench herself firmly in Manchuria against the possibility of attack from the U.S.S.R. They have an ever-present anxiety lest Korean malcontents in league with Russian Communists in the nearby Maritime Province might in future invite, or co-operate with, some new military advance from the north. They regard Manchuria as a buffer region against both the U.S.S.R. and the rest of China. Especially in the minds of Japanese military men, the right claimed, under agreements with Russia and China, to station a few thousand railway guards along the South Manchuria Railway is small recompense for the enormous sacrifices of their country in the Russo-Japanese War, and a meagre security against the possibility of attack from that direction.

Patriotic sentiment, the paramount need of military defence, and the exceptional treaty rights, all combine to create the claim to a "special position" in Manchuria. The Japanese conception of this special position is not limited to what is legally defined in treaties and agreements either with China or with other States. Feelings and historical association, which are the heritage of the Russo-Japanese War, and pride in the achievements of Japanese enterprise in Manchuria for the last quarter century, are an indefinable but real part of the Japanese claim to a "special position." It is only natural, therefore, that the Japanese use of this expression in diplomatic language should be obscure, and that other States should have found it difficult, if not impossible, to recognize it by international instruments.

The Japanese Government, since the Russo-Japanese War, has at various times sought to obtain from Russia, France, Great Britain and the United States recognition of their country's "special position," "special influence and interest," or "paramount interests" in Manchuria. These efforts have only met with partial success, and where recognition of such claims has been accorded, in more or less definite terms, the international agreements or understandings containing them have largely disappeared with the passage of time, either by formal abrogation or otherwise, as, for example, the Russo-Japanese secret conventions of 1907, 1910, 1912 and 1916, made with the former Tsarist Government of Russia; the Anglo-Japanese conventions of alliance, guarantee and declaration of policies; and the Lansing-Ishii exchange of notes of 1917.

Special Position Challenged

The Signatories of the Nine-Power Treaty of the Washington conference of February 6, 1922, by agreeing "to respect the sovereignty, the independence, and the territorial and administrative integrity" of China, to maintain "equality of opportunity in China for the trade and industry of all nations," by refraining from taking advantage of conditions in China" in order to seek special rights or privileges" there, and by providing "the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government, challenged to a large extent the claims of any signatory State to a "special position," or to "special rights and interests" in any part of China, including Manchuria.

But the provisions of the Nine-Power Treaty and the abandonment, by abrogation or otherwise, of such agreements as those mentioned above, have led to no change in the attitude of the Japanese. Viscount Ishii doubtless well expressed the general view of his countrymen in his recent **Memories** (Gaiko Yoruku), when he said:

"Even if the Lansing-Ishii agreement is abolished, Japan's special interests unshakenly exist there. The special interests which Japan possesses in China neither were created by an international agreement, nor can they become the objects of abolition."

This Japanese claim with respect to Manchuria conflicts with the sovereign rights of China, and is irreconcilable with the aspirations of the National Government, which seeks to curtail existing exceptional right and privileges of foreign States throughout China, and to prevent their further extension in the future. The development of this conflict will be clear from a consideration of the respective policies pursued by Japan and China in Manchuria.

Until the events of September, 1931, the various Japanese Cabinets, since 1905, appeared to have the same general aims in Manchuria, but they differed as to the policies best suited to achieve those aims. They also differed somewhat as to the extent of the responsibility which Japan should assume for the maintenance of peace and order.

The general aims for which they worked in Manchuria were to maintain and develop Japan's vested interests, to foster the expansion of Japanese enterprise, and to obtain adequate protection for Japanese lives and property. In the policies adopted for realizing these aims there was one cardinal feature which may be said to have been common to them all. This feature has been the tendency to regard Manchuria and Eastern Inner Mongolia as distinct from the rest of China. It resulted naturally from the Japanese conception of their country's "special position" in Manchuria. Whatever differences may have been observable between the specific policies advocated by the various cabinets in Japan, as, for example, between the so-called "friendship policy" of Baron Shidehara and the so-called "positive policy" of the late General Baron Tanaka they have always had this feature in common.

Two Policies Alternate

The "friendship policy" developed from about the time of the Washington conference and was maintained until April, 1927; it was then supplanted by the "positive policy," which was followed until July, 1929; finally, the "friendship policy" was again adopted and continued the official policy of the Foreign Office until September, 1931. In the spirit which actuated the two policies there was a marked difference: the "friendship policy" rested, in Baron Shidehara's

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words, "on the basis of good will and neighborliness": the "positive policy" rested upon military force. But in regard to the concrete measures which should be adopted in Manchuria, these two policies differed largely on the question as to the lengths to which Japan should go to maintain peace and order in Manchuria and to protect Japanese interests.

The "positive policy" of the Tanaka Ministry placed greater emphasis upon the necessity of regarding Manchuria as distinct from the rest of China: its positive character was made clear by the frank declaration that "if disturbances spread to Manchuria and Mongolia, and, as a result, peace and order are disrupted, thereby menacing our special position and rights and interests in those regions," Japan would "defend them, no matter whence the menace comes." The Tanaka policy definitely asserted that Japan would take upon herself the task of preserving "peace and order" in Manchuria—in constrast to previous policies which limited their objectives to protecting Japanese interests there.

The Japanese Government has generally pursued a firmer policy in Manchuria than elsewhere in China, in order to preserve and develop these vested interests which are peculiar to that region. Certain of the Cabinets have tended to place great reliance on the use of interventionist methods, accompanied by a threat of force. This was true especially at the time of the presentation of the "Twenty-one Demands," as well as to other methods of intervention and force, there has always been a marked difference of opinion in Japan.

The Washington conference, although it had a marked effect upon the situation in the rest of China, made little actual change in Manchuria. The Nine-Power Treaty of February 6, 1922, in spite of its provisions with respect to the integrity of China and the policy of the Open Door, has had but qualified application to Manchuria in view of the character and extent of Japan's vested interests there, although textually the treaty is applicable to that region. The Nine-Power Treaty did not materially diminish the claims based on these vested interests, although, as already stated, Japan formally relinquished her special rights regarding loans and advisers which had been granted in the Treaty of 1915.

During the period from the Washington conference until the death of Marshal Chang Tso-lin in 1928, the policy of Japan in Manchuria was chiefly concerned with the relations with the *de facto* ruler of the Three Eastern Provinces. Japan gave him a measure of support, notably during the Kuo Sung-lin mutiny mentioned in the last chapter. Marshal Chang Tso-lin, in return, although opposed to many of the Japanese demands, felt it necessary to give due recognition to Japan's desires, since these might at any time be enforced by superior military power. He also wished to be able, upon occasion to obtain Japanese support against Russian opposition in the north. Upon the whole, Japanese relations with Marshal Chang Tso-lin were reasonably satisfactory from her point of view, although they became increasingly disturbed toward the end of his life in consequence of his failure to fulfill some of his alleged promises and agreements. Some evidence even of a revulsion of Japanese feeling against him became apparent in the months preceding his defeat and final retreat to Mukden in June, 1928.

Right to Keep Peace Claimed

In the spring of 1928, when the Nationalist armies of China were marching on Peking in an effort to drive out the forces of Chang Tso-lin, the Japanese Government, under the premiership of Baron Tanaka, issued a declaration that, on account of her "special position" in Manchuria, Japan would maintain peace and order in that region. When it seemed possible that the Nationalist armies might carry the civil war north of the Great Wall, the Japanese Government, on May 28, sent to the leading Chinese generals a communication which said:

"The Japanese Government attaches the utmost importance to the maintenance of peace and order in Manchuria, and is prepared to do all it can to prevent the occurrence of any such state of affairs as may disturb that peace and order, or constitute the probable cause of such a disturbance.

"In these circumstances, should disturbances develop further in the direction of Peking and Tientsin, and the situation become so menacing as to threaten the peace and order of Manchuria, Japan may possibly be constrained to take appropriate effective steps for the maintenance of peace and order in Manchuria."

At the same time, Baron Tanaka issued a more definite statement, that the Japanese Government would prevent "defeated troops of those in pursuit of them" from entering Manchuria.

The announcement of this far-reaching policy brought protests from both the Peking and the Nanking Governments, the Nanking note stating that such measures as Japan proposed would be not only "an interference with Chinese domestic affairs, but also a flagrant violation of the principle of mutual respect for territorial sovereignty."

In Japan itself this "positive policy" of the Tanaka Government, while it received strong support from one party, was vigorously criticized by another, especially by the Shidehara group, on the ground that the preservation of peace and order over all Manchuria was not the responsibility of Japan.

Japan's relations with Marshal Chang Hsueh-liang, who succeeded his father in 1928, were increasingly strained from the outset. Japan wished Manchuria to remain separate from the newly-established National Government at Nanking, while Marshal Chang Hsueh-liang was in favor of recognizing the authority of that Government. Reference has already been made to the urgent advice given by Japanese officials that allegiance should not be pledged to the Central Government. When, however, the Mukden Government raised the Nationalist flag over government buildings in Mukden in December, 1928, the Japanese Government made no attempt to interfere.

Japanese relations with Marshal Chang Hsueh-liang continued to be strained, and acute friction developed in the months immediately preceding September, 1931.

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III.—Sino-Japanese Railway Issues in Manchuria

The international politics of Manchuria for a quarter of a century have been largely railway politics. Considerations of a purely economic and railway-operating character have been overshadowed by the dictates of state policies, with the result that Manchurian railways cannot be said to have contributed their maximum to the economic development of the region. Our study of Manchurian railway questions, has revealed that in Manchuria there has been little or no co-operation between the Chinese and Japanese railway builders and authorities directed to achieving a comprehensive and mutually beneficial railway plan. In contrast with railway development in such regions as Western Canada and Argentina, where economic considerations have in large measure determined railway expansion, railway development in Manchuria has been largely a matter of rivalry between China and Japan. No railway of any importance has ever been constructed in Manchuria without causing an interchange of notes between China and Japan or other interested foreign States.

Manchurian railway construction began with the Russian-financed and directed Chinese Eastern Railway under circumstances which, after the Russo-Japansee War was replaced in the south Manchuria Railway, thus making inevitable future rivalry between China and Japan. The South Manchuria Railway, although nominally a private corporation, is, in fact, a Japanese Government enterprise. Its functions include not only the management of its railway lines, but also exceptional rights of political administration. From the time of its incorporation the Jpaanese have never regarded it as a purely economic enterprise. The late Viscount Goto, first President of the company, laid down a fundamental principle that the South Manchuria Railway should serve Japan's "special mission" in Manchuria.

The South Manchuria Railway system has developed into an efficient and well-managed railway enterprise, and has contributed much to the economic development of Manchuria, serving at the same time as an example for the Chinese in its numerous services of a non-railway character, such as its schools, laboratories, libraries and agricultural experiment stations. But this has been accompanied by limitations and positive hindrances arising out of the political character of the company, its connection with party politics in Japan, and certain large expenditures from which no commensurate financial returns can have been expected. Since its formation, the policy of the railway company has been to finance the construction of only such Chinese lines as would be connected with its own system, thus, by means of through-traffic agreements, to divert the major part of the freight to the South Manchuria Railway for seaboard export at Dairen in the Japanese leased territory. Very large sums have been expended in financing these lines and it is doubtful if their construction, in certain cases, was justified on purely economic grounds, especially in view of the large capital advances made and the loan considerations involved.

Rights Often Questioned

The very existence of such a foreign-controlled institution as the South Manchuria Railway on Chinese soil was naturally looked upon with disfavor by the Chinese authorities, and questions concerning its rights and privileges under treaties and agreements have constantly arisen since the Russo-Japanese War. More particularly, after 1924, when the Chinese authorities in Manchuria, having come to recognize the importance of railway development, sought to develop their own railways independent of Japanese cpaital, did these problems become more critical. Both economic and strategic considerations were involved. The Tahushan-Tungliao line, for example, was projected to develop new territory and to increase the revenues of the Peking-Mukden Railway, while, on the other hand, the Kuo Sung-lin mutiny in December, 1925, demonstrated the possible strategic and political value of independently owned and operated Chinese lines. The Chinese attempt to overcome the Japanese monopoly, and to place obstacles in the way of its future development, anteceded the period of political influence of the Tahushan-Tungliao, Mukden-Hailungcheng and Hulan-Hailun railways, for example, having been constructed while Marshal Chang Tso-lin was in power. The policy of Marshal Chang Hsueh-liang after his assumption of authority in 1928, re-enforced by the widespread movement for "rights recovery" sponsored by the Central Government and the Kuomintang, came into collision with Japan's monopolistic and expansionist policies, centered, as they were, around the South Manchuria Railway Company.

In the Japanese justification of their resort to forceful means in Manchuria, on and after September 18, 1931, they have alleged violation of Japan's "treaty rights," and have emphasized China's failure to carry out an engagement made by the Chinese Government during the Sino-Japanese conference held at Peking in November-December, 1905, which was to the following effect:

"The Chinese Government engage, for the purpose of protecting the interests of the South Manchuria Railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighborhood of and parallel to that railway, or any branch line which might be prejudicial to the interests of the above-mentioned railway."

This dispute over the question of socalled "parallel railways" in Manchuria is of long standing importance. The issue first arose in 1907-1908, when the Japanese Government, asserting this claim of right, prevented the Chinese from constructing, under contract with a British firm, the Hsinmintung-Fakumen Railway. Since 1924, when the Chinese in Manchuria undertook with renewed vigor to develop their own railways, independent of Japanese financial interest, the Japanese Government has protested against the construction by the Chinese of the Tahushan-Tungliao and the Kirin-Hailungcheng lines, although both these lines were completed and opened to traffic in spite of Japanese protests.

Prior to the arrival of the commission in the Far East, there had been much doubt as to the actual existence of any such engagement as was claimed by Japan. In view of the long standing importance of this dispute the commission took special pains to obtain information on the essential facts. In Tokyo, Nanking and Peiping all the relevant documents were examined, and we are now able to state that the alleged engagement of the Chinese plenipotentiaries of the Peking conference of November-December, 1905, regarding so-called "parallel railways" is not contained in any formal treaty; that the alleged engagement in question is to be found in the minutes of the eleventh day of the Peking Conference, December 4, 1905. We have obtained agreement from the Japanese and Chinese assessors that no other document containing such alleged engagement exist beyond this entry in the minutes of the Peking conference.

Real Question at Issue

The real question at issue, therefore, is not whether there exists a "treaty right" whereby Japan is entitled to claim that certain railways in Manchuria have been constructed by the Chinese in violation of such an engagement, but whether this entry in the minutes of the Peking conference of 1905, whether called a "protocol" or not, is a binding commitment on the part of China, having the force of a formal agreement and without limitation as to the period or circumstances of its application.

The determination of the question whether this entry into the minutes of the Peking conference constituted, from an international legal point of view, a binding agreement, and whether, if so, there is but one interpretation which may reasonably be placed upon it, was properly a matter for judgment by an impartial judicial tribunal.

The Chinese and Japanese official translations of this entry into the minutes of the conference leave no doubt that the disputed passage concerning "parallel railways" is a declaration or statement of intention on the part of the Chinese plenipotentiaries.

That there was a statement of intention has not been disputed by the Chinese, but there has throughout the controversy been a difference

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of opinion between the two parties as to the nature of the intention expressed. Japan has claimed that the words employed preclude China from building or allowing to be built any railway which, in the opinion of the South Manchuria Railway Company, was in competition with its system. The Chinese, on the other hand, contend that the only commitment involved in the disputed passage was a statement of intention not to build lines with the deliberate object of unduly impairing the commercial usefulness and value of the South Manchuria Railway. During the exchange of notes of 1907 concerning the Hsinmintun-Fakumen Railway project, Prince Ching, representing the Chinese Government, stated to Baron Hayashi, the Japanese Minister in a communication dated April 7, 1907, that the Japanese plenipotentiaries in the Peking conference, while refusing to agree to a definition of the term "parallel line" in terms of specific mileage from the South Manchuria Railway, declared that Japan "would do nothing to prevent China from any steps she might take in the future for the development of Manchuria." It would seem, therefore, that the Chinese Government during this period admitted in practice that there was, on their part, an obligation not to construct railways patently and unreasonably prejudicial to the interests of the South Manchuria Railway, though they have always denied that Japan had any valid claim to a right to monopolize railway construction in southern Manchuria.

There has never been a definition as to what would constitute a parallel railway, although the Chinese desired one. When the Japanese Government opposed the construction of the Hsinmintun-Fakumen Railway in 1906-1908, the impression was created that Japan considered a "parallel" railway one within approximately thirty-five miles of the South Manchuria Railway, but in 1926 the Japanese Government protested against the construction of the Tahushan-Tungliao Railway as a "competitive parallel line," noting that the distance between the proposed railway and the South Manchuria Railway would be "no more than seventy miles on the average." It would be difficult to make a thoroughly satisfactory definition.

Interpretation Difficult

From a railway-operating point of view, a "parallel" line can be considered a "competing line;" one which deprives another railway of some part of the traffic which naturally would have gravitated to it. Competitive traffic includes both local and through-traffic, and, especially when the latter is considered, it is not difficult to see how a stipulation against the construction of "parallel" lines is capable of very broad interpretation. Nor is there any agreement between China and Japan as to what constitutes a "main line" or a "branch line." These terms, from a railway operating point of view, are subject to change. The Peking-Mukden Railway line from Tahushan extending north was originally considered by that administration as a "branch line," but after the line had been completed from Tahushan to Tungliao it was possible to regard this as a "main line."

It was only natural that the interpretation of the undertaking in regard to parallel railways should lead to bitter controversy between China and Japan. The Chinese attempted to build their own railways in South Manchuria, but in almost every case met with a protest from Japan.

A second group of railway issues which increased the tension between China and Japan before the events of September last, were those which arose from the agreements under which the Japanese advanced money for the construction of various Chinese Government railways in Manchuria. Japanese capital to the present value, including arrears and interest, of Yen 150,000,000 had been expended in the building of the following Chinese lines: the Kirin-Changchun, the Kirin-Tunhua, the Ssupingkai-Taonan, and the Taonan-Angangchi railways and certain narrow gauge lines.

The Japanese complained that the Chinese would not pay these loans, nor make adequate provision for them, nor carry out various stipulations in the agreements, such as those respecting the appointment of Japanese railway advisers. They made repeated demands that the Chinese should fulfill the alleged promises made by their Government that Japanese interests should be permitted to participate in the construction of the Kirin-Kwainei Railway. This projected line would extend the Kirin-Tunhua Railway to the Korean border, and would make available for Japan a new short sea and rail route from her seaports to the center of Manchuria, and, in conjunction with the other railways, shorten the communications with the interior.

In defence of the failure to repay their loans, the Chinese pointed out that these were not normal financial transactions. They claimed that the loans were made largely by the South Manchuria Railway in order to monopolize railway construction in South Manchuria; that the object was primarily strategic and political; and that in any case, the new lines had been so heavily over-capitalized that they were, at least for the time being, financially unable to earn the necessary money to repay the construction expenses and loans. They contended that in each instance of alleged failure to fulfill obligations, an impartial examination would show adequate justification for their conduct. As for the Kirin-Kwainei Railway, they denied the moral, and even the legal, validity of the alleged agreements.

Branch Lines Desired

There were certain conditions which existed in connection with these railway agreements which make it natural for the loan controversy to arise. The South Manchuria Railway had practically no branches, and wished to develop a system of feeder lines in order to increases its freight and passenger traffic. The company was therefore willing to advance money for the building of such new lines, even though there was little likelihood that the loans would be repaid in the near future; it was, also, willing to continue to make further advances, when earlier loans were still outstanding.

In these circumstances, and so long as the newly-constructed Chinese lines functioned as feeders to the South Manchuria system, and were operated in some measure under its influence, the South Manchuria Railway appeared to make no special effort to force payment of the loans, and the Chinese lines operated with ever-increasing debt obligations. But when certain of these lines were connected with a new Chinese Railway System, and in 1930-31 started a serious competition with the South Manchuria Railway, the non-payment of the loans at once became a subject of complaint.

Another complicating factor, in the case of certain of these loan agreements, was their political character. It was as a result of the "Twenty-one Demands" that the Kirin-Changchun Railway was placed under the direction of the South Manchuria Railway Company, and the outstanding indebtedness of the line converted into a long-term loan, maturing in 1947. The advance of Yen 20,000,000 made in 1918 in consequence of the so-called "Four Manchuria-Mongolia Railway Agreement," was one of the so-called "Nishihara Loans," made to the military government of the "Anfu clique," without any restriction as to the purpose for which it might be used. Similarly, it was from a Nishihara loan that an advance was made of Yen 10,000,000 to this clique in connection with the preliminary loan contract agreement of

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1918 for the construction of the Kirin-Kwainei Railway. Chinese national sentiment has been greatly aroused over the subject of the "Nishihara Loans" ever since their negotiation; but in spite of this the Chinese Government has never repudiated them. In these circumstances, the Chinese felt little moral obligation to fulfill the conditions of the loan contracts.

Especially important in Sino-Japanese relations were the issues over the Kirin-Kwainei Railway project. The first set of issues related to the section of the line from Kirin to Tunhua, the construction of which was completed in 1928. From that tmie on, the Japanese complained because the Chinese would not convert the Japanese advances for construction purposes into a formal loan secured by the earnings of the railway and maintained that the Chinese were violating the contract by their refusal to appoint a Japanese accountant for the line.

The Chinese in turn claimed that the construction costs submitted were not only much higher than the estimates of the Japanese engineers, but were greatly in excess of the amount for which vouchers were presented. They refused to take over the line formally until the construction costs should be settled; and contended that until they should do so, they were under no obligation to appoint a Japanese accountant.

These issues, definite and technical, involving no problems, of principle or policy, were obviously suited for arbitration or judicial discrimination, but they remained unsettled and served to intensify the mutual resentment of Chinese and Japanese.

Line to Korea Important

Of much greater importance, and far more complicated, was the issue over the construction of the railway from Tunhua to Kwainei. This section would complete the railway from Changchun to the Korean border, where it would connect with a Japanese railway running to a nearby Korean port. Such a line, giving direct entrance to central Manchuria and opening a region rich in timber and mineral resources would be of economic value as well as of real strategic importance to Japan.

The Japanese were insistent that this line should be built and that they should participate in its financing. They claimed that China had given treaty assurances to this effect. The Chinese Government promised, they pointed out, in the Chientao Agreement of September 4, 1909, to build the line "upon consultation with the Government of Japan," the promise being given in part as a consideration for Japan's relinquishing the old claims of Korean to the Chientao region in Manchuria. Later, in 1918, the Chinese Government and the Japanese banks signed a preliminary agreement for a loan for the construction of this line, and in accordance with the agreement, the banks advanced to the Chinese Government the sum of Yen 10,000,000. This however, was one of the Nishihara loans, a fact which in the view of the Chinese, affected the validity of the engagement.

Neither of them, however, was a definitive loan contract agreement, obligating China, without condition and before a specific date, to permit Japanese financiers to participate in the construction of such a line.

It was alleged that formal, definitive contracts for the construction of this line were signed in Peking in May, 1928, but there was much uncertainty regarding their validity. Such contracts were doubtless signed, under very irregular circumstances, on May 13-15 by a representative of the Ministry of Communications of the Government at Peking, then under Marshal Chang Tso-lin. But the Chinese contend that the Marshal who was then hard pressed by the Nationalist Armies and was about to evacuate Peking, gave his consent that this official should sign, under "a duress of compulsion," due to threats of the Japanese that if he should not sanction the contracts his retreat to Mukden would be endangered. Whether Marshal Chang Tso-lin himself also signed the contracts has been a matter of dispute. After the death of the Marshal, the Northeastern Political Council at Mukden and Marshal Chang Hsueh-liang both refused to approve the contracts on the ground that they were faulty in form and negotiated under duress and had never been ratified by the Peking Cabinet or the Northeastern Political Council.

The underlying reason for the opposition of the Chinese to the construction of the Tunhua-Kwainei line was their fear of Japan's military and strategic purposes, and their belief that their sovereign rights and interest would be threatened by this new Japanese approach to Manchuria from the Japan Sea.

This particular railway issue was not primarily a financial or commercial problem, but involved a conflict between the state policies of Japan and China.

Issues Over Traffic

There were additional issues over through-traffic arrangements between the Chinese and Japanese lines, rate questions and rivalries between the seaport of Dairen and such Chinese ports as Yingkow (Newchwang).

By September, 1931, the Chinese had built unaided and were owning and operating railways with a total length of nearly a thousand kilometers, of which the most important were: the Mukden-Hailung, the Hailung-Kirin, the Tsitsihar-Koshan, the Hulan-Hailun and the Tahushan-Tungliao (a branch of the Peiping-Mukden system) lines; and they owned the Peiping-Mukden Railway and the following Japanese-financed lines: the Kirin-Changchun, the Kirin-Tunhua, Szupingkai-Taonan and Taonan-Angangchi lines. During the two years preceding the outbreak of the present conflict the Chinese attempted to operate these various lines as a great Chinese railway system, and made efforts to route all freight, if possible, exclusively over the Chinese-operated lines, with a seaboard at the Chinese port of Yingkow (Newchwang)—potentially at Hulutao. As a result the Chinese made through-traffic arrangements for all ports of their railway system, and refused in important sections to make similar traffic agreements between their lines and the South Manchuria system. The Japanese claimed that this discrimination deprived the South Manchuria Railway of much freight from North Manchuria which would normally pass over at least a part of its line and would find an outlet at Dairen.

Associated with these through-traffic controversies a bitter rate war sprang up between the Japanese and Chinese lines, which began in 1929-30, when the Chinese reduced their rates after the opening of the Tauhshan-Tungliao and the Kirin-Hailung lines. The Chinese lines appeared to have a natural advantage at that time due to the fall in the value of the Chinese silver currency, which made the silver rates on these lines cheaper than the gold-yen rates on the South Manchuria Railway. The Japanese claimed that the Chinese rates were so low that they constituted unfair competition, but the Chinese replied that their aim was not primarily to make profits, as was the case with the South Manchuria, but to develop the country and to enable the rural population to reach the markets as cheaply as possible.

Incidental to this rivalry in rate cutting, allegations were made by each side that the other indulged in rate discrimination or secret rebates in favor of its own nationals. The Japanese complained that the Chinese made railway classifications which enabled Chinese products to be carried over Chinese lines more cheaply than foreign goods, and that they gave lower rates than normal for native goods and for freight shipped over Chinese lines to a Chinese controlled seaport. The Chinese on their side charged the South Manchuria Railway with granting secret rebates, pointing out particularly that a Japanese forwarding agency was quoting rates for freight consigned through them which were lower than the regular scheduled rates of the South Manchuria line.

These issues were highly technical and involved, and it was difficult to determine the justice of the charges which each side was making against the other. It is obvious that such questions as these should normally be settled by a Railroad Commission or by regular judicial determination.

Hulutao Being Developed

The railway policies of the Chinese authorities in Manchuria were focused upon the new port development at Hulutao; Yingkow was to be the secondary port, and pending the completion of Hulutao, the principal one. Many new railways were projected which would serve practically all parts of Manchuria. The Japanese claimed that the through-traffic arrangements and the low rates put into effect by the Chinese deprived the port of Dairen of much cargo that would normally have moved to it, and that this situation was particularly evident in 1930. They stated that the export freight carried to Dairen by the South Manchuria Railway fell off over a million metric tons in 1930, while the port of Yingkow actually showed an increase over the previous year. The Chinese, however, pointed out that the falling off in freight at Dairen was due principally to the general depression and to the especially severe slump in soya beans, which constituted a large part of the freight normally carried over the South Manchuria line. They claimed also that the increase at Yingkow was the result of traffic from regions recently opened by the new Chinese railway lines.

The Japanese appeared to be especially concerned over the potential competition of the Chinese lines and the port of Hulutao, and complained that the purpose of the Chinese in planning to construct many new railways and in developing Hulutao harbor was to make "the port of Dairen as well as the South Manchuria Railway itself as good as valueless."

Viewing these many railroad issues as a whole it is evident that a number of them were technical in character and were quite capable of settlement by ordinary arbitral or judicial process, but that others of them were due to intense rivalry between China and Japan which resulted from a deepseated conflict in national policies.

Practically all these railway questions were still outstanding at the opening of the year 1931. Beginning in January, and continuing sporadically into the summer, a final but futile effort was made by both Japan and China to hold a conference in order to reconcile their policies with respect to these outstanding railway questions. These Kimura-Kao negotiations, as they were called, achieved no result. There was evidence of sincerity on both sides when the negotiations began in January, but various delays occurred for which both Chinese and Japanese were responsible, with the result that the formal conference, for which extended preparations had been made, had not yet met when the present conflict started.

(To be Continued)

CUSTOMS NOTIFICATION

No. 1250

The public is hereby notified that the following modifications in the treatment of the junks are being introduced forthwith:

1. **Junks trading between China and Dairen must register for foreign trade in accordance with Junk Regulations, performing all necessary formalities and becoming subject to restrictions imposed on junks so registered;**

2. **Junks trading to Newchwang and Antung may continue under domestic status with the restriction that if carrying foreign goods from those ports, or places in their vicinity, they are only allowed to proceed direct to places in China where there are Customs establishments.**

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 24th October, 1932.

Who's Who in China

Dayu Doon, architect; born at Hangchow, Chekiang; brought up in Japan and capitals of Europe; spent his boyhood in Rome where he receivecd his first inspiration of choosing architecture as his future profession; graduated from Tsinghua College, Peking, 1921; received B. S. degree 1924, and M.S. degree in architecture, 1925, from University of Minnesota, U. S.A.; employed in various architectural firms in Minneapolis, St. Paul, Chicago and New York between 1924 and 1928; worked for Ph. D. degree in Art and Archaeology at Columbia University, New York City, during 1926 and 1927; returned to China in December, 1928; joined E. S. J. Phillips in Shanghai who was practising architecture under the name of E. Suensen & Co., during 1929-30; appointed advisor to the City Planning Commission of Greater Shanghai Municipality in 1929 and made design for the Shanghai Civic Center; appointed chief architect in charge of the Civic Center development in 1930; designed for the Mayor's Building, first of a group of Government Buildings, which will be completed in 1933; made plans and specifications for the Soldiers' Memorial Cemetery, Nanking for H. K. Murrphy, architect for the work; architect for the Chen Chi-mei Memorial Tower on Boulevard des Deux Republics, Shanghai; secretary to the Society of Chinese Architects since 1930; began to practise architecture at Shanghai since 1930; editor of architectural section of the *Journal of Chinese Institute of Engineers;* office address: 20, Museum Road, Shanghai.

Dayu Doon (Tung Ta-yu)

董大酉

董大酉，浙江杭縣人，幼隨父遊歷日本及歐洲各國，居留羅馬三載，實爲日後從事研究美術建築學之起緣，民國十年畢業于北京清華學校，派赴美國留學，民國十三年畢業于米納索他大學，得學士位，次年得建築科碩士學位，自十三年至十七年，歷在米尼亞波里聖保羅芝加哥紐約各巨城建築公司實習，民國十五年入哥倫比亞學大學研究院美術考古科，預備博士論文，民國十七年冬返國，用蘇生洋行名義，與費力伯期建築師合作，民國十八年由上海市政府聘爲市中心區域建設委員會顧問，規劃市中心行政區，十九年委派爲該會建築師辦事處主任建築師，主持建築新市政府房屋工程，曾代建築師茂菲製繪建築南京紫金山陣亡將士公墓說明書圖樣，及代上海市工務局計劃上海陳英士紀念塔，十九年至今，任中國建築師學會書記，事務所，上海博物院路廿號

CUSTOMS NOTIFICATION NO. 1249

In accordance with instructions received from the Government the public is hereby notified of the introduction of Export (and Interport) Tariff Provisional Rules which will come into force as from 20th October 1932. Printed copies of the new rules will shortly be available at the Custom House for free distribution to the public.

EXPORT (AND INTERPORT) TARIFF PROVISIONAL RULES.

1.—The duty-paying value of an export liable to *ad valorem* export and interport duties shall be the average wholesale market value of the goods at the time of examination by the Customs. This value shall include cost of packing and reconditioning incurred in preparing the goods for export, but shall exclude duty. In the absence of a wholesale market value at the port of export, the price ruling in the principal markets of China may be taken as the basis for arriving at the duty-paying value applicable.

2.—In the case of exports abroad sold under contract, the *bona fide* contract showing the exporter's sale price must be produced together with the Application. Such contracts may be regarded as evidence of the value, but not necessarily as conclusive evidence, and in this respect their interpretation will rest with the Customs. Besides demanding the production of contracts, the Customs authorities shall be free to employ all available means to determine the correct duty-paying value of the goods. Such means shall include the inspection of other documents which may concern the valuation of the cargo; the calling for detailed sale-bills; the inspection of firms' books; the examination of the goods; the making of inquiries and the obtaining of such private assistance as may be necessary.

3.—The exporter, if dissatisfied with the decision of the Customs as to the value or classification of the goods to be exported, or the amount of duty or charges assessed thereon, may, within twenty days of the filing of the Application to pay duty or other Customs entry, file a protest in writing with the Commissioner of Customs, setting forth specifically his objection thereto. Pending a decision in the case, the merchandise—at the discretion of the Customs—may be released to the exporter upon payment of a deposit sufficient to cover the full amount of duty and such additional duties as may be claimed by the Customs. Upon the filing of the protest the Commissioner shall, within fifteen days thereafter, review his decision, and, if the protest is not sustained, the case shall be referred to the Inspector General of Customs, who shall consider it and, if confirming the attitude taken by the Commissioner of Customs, shall submit the case to the Kuan-wu Shu for the consideration and decision of the Tariff Board of Inquiry and Appeal.

4.—Questions regarding procedure, etc., which may arise during the sittings of the Tariff Board shall be decided by the majority. The final finding of the majority of the Board, which must be ratified by the Kuan-wu Shu and announced within fifteen days (not including holidays) after its submission to the Shu, shall be binding.

5.—Regarding disputes arising from the valuation of goods, should the Board decide that the correct value of the goods is higher by 20 per cent. (or more) than that upon which the complainant originally claimed to pay duty, the Customs authorities may, besides levying the full duty, levy an additional duty not exceeding ten times the duty sought to be evaded.

6.—If for goods—the value of which is in dispute—sold under contract no contract was produced at the time the goods were applied for, then the contract, if produced at the hearing of the Board as evidence of the value, will not be accepted as such and the case will *ipso facto* be dismissed.

Note.—These Provisional Rules become effective as soon as they are promulgated. They are subject to change at any time upon notice being given.

H. O. Tong,
Superintendent of Customs.
L. H. Lawford,
CUSTOM HOUSE, Commissioner of Customs.
Shanghai, 24th October, 1932.

Men and Events

The Shanghai British Residents' Association will hold its annual meeting November 22.

A new dormitory to accommodate 75 male students is being built at the American School, French Concession, Shanghai.

Secretary of State H. L. Stimson denied in Washington Oct. 17 that he or any Cabinet member would resign before March 4 next.

Sir Frederick Maze, inspector-general of customs, has returned to Shanghai from a tour of investigation in North China.

Countess Ciano, wife of the Italian Minister to China, arrived at Dairen during the week from Yokohama after spending a holiday in Japan.

Henry Ford emphatically denied rumors last week that he intended to purchase 25,000,000 busels of wheat and sell it to China at prices to be arranged.

Captain Hu Che-hsuan, commander of the First Squadron of the Cantonese Air forces, and Instructor Yih Tah-kuan of the Aviation Academy, were killed in an airplane accident in Canton Oct. 21.

Dr. Esson M. Gale of the Salt Revenue Administration addressed the American University Club on "Adventures of Sinology in American Universities" at a tiffin at the Astor House, Shanghai, on October 25.

The dispute in the spinning section of the Lancashire cotton industry was settled Oct. 22. All mills reopened for work on Oct. 24. The settlement is on a basis of wage reduction of 18½d. in the pound from October 31.

The formal opening of the new buildings for the Institution for the Chinese Blind, 290 Hungjao road, Shanghai will take place Saturday, November 5, this being the twentieth anniversary of the founding of the Institution.

All fortune-tellers in the model district of Chungshan, the birthplace of Dr. Sun Yat-sen, must either change their profession or clear out of the area at once, according to a decree issued recently by Tong Shao-yi, magistrate of the district.

Two American physicians, Dr. Eric R. Wilson and Dr. Raymond L. Carey, have announced the organization of the American Hospital and Clinic Association, with offices located at 217-227 Hamilton House, Foochow and Kiangse roads, Shanghai.

The Tibetin Gallery in Berlin on October 22 displayed a special collection of Japanese art objects, particularly color prints, belonging to Dr. Wilhelm Solf, former Foreign Minister and Ambassador to Japan, in connection with his 70th birthday anniversary.

A party of 13 members of the Japanese House of Peers arrived in Shanghai from Tsingtao, Oct. 22, after finishing an inspection into the recent state of affairs of Manchukuo. Their tour of Shanghai included an inspection of the devastated regions of Chapei.

More than $290,000 was subscribed by Chinese in Cuba for the benefit of the 19th Route Army and General Ma Chun-shan's troops and the Volunteers in Manchuria. The contributions averaged 15 dollars per capita of the total Chinese population in Cuba.

Dr. K. K. Kawakami, veteran Washington correspondent of the *Osaka Nichi Nichi* and author of various books on the international relations of Japan, entertained local newspapermen and foreign correspondents in the Jacobean Room of the Cathay Hotel, October 19.

Pointing out that the imports from Japan of rubber and canvas footwear into the United States had increased sixfold during the past eight months, New England rubber product manufacturers have induced the U. S. Government to make an investigation regarding alleged "dumping."

General Feng Yung, president of the "Feng Yung" University, formerly situated in Mukden and now established at Peiping arrived at Taiyuan-fu, the capital of Shansi, October 17 in his 'plane the "Scarlet Horse," and later, proceeded to Hopientsun where he called on Marshal Yen Hsi-shan.

Roy de Lay's interest in the Electric Service Corporation was purchased last week by H. S. Janes, former director of Automatic Telephones of China. Mr. Janes assumed immediate charge of the concern. The retiring president established the firm in 1926. He plans to leave shortly for a trip around the world.

Peggy Hull Kinley, American newspaper woman, was granted a divorce in the British Supreme Court in Shanghai last week from her husband, Captain Henry Kinley of the Shanghai Licensed Pilots Association. An agent of a local detective agency gave evidence of adultery against defendant.

A radio exhibition under the joint auspices of Station XCBL and China Broadcast Association was held in the grill room of the Astor House, Shanghai, during the week. The exhibition was opened by E. S. Cunningham, U.S. Consul General. Mayor Wu of the Municipality of Greater Shanghai also spoke.

Eugene Chen, former Minister of Foreign Affairs, who resigned his post when his policy advocating the severance of diplomatic relations with Japan was not approved by the National Government, is expected to return to China in the near future. He took passage from France for the Far East on October 15.

Walter Duranty, correspondent of the *New York Times*, William Henry Chamberlain, correspondent of the *Christian Science Monitor*, and Louis Fischer, correspondent of the *New York Nation*, have completed a ten years' sojourn in Soviet Russia. Mr. Duranty and Mr. Chamberlain both have spent considerable time in China.

Arthur Loew, Hollywood producer, arrived in Shanghai October 23 in the airplane "Spirit of Fun" from Australia, and from here proceeded to Japan by steamer accompanied by F. V. Chamberlain, Far Eastern manager of the M. G. M. film company. They are due back here October 30. Mr. Loew will resume his flight Nov. 1, touching first at Hanoi, enroute to Europe.

The motor ship *Jutlandia* of the East Asiatic Company under charter to the Chinese-American Steamship Company departed from Shanghai for San Francisco October 20. The Company has a board of directors consisting of three Americans and 12 Chinese in San Francisco. The cabin fare on the three chartered Danish steamers from Shanghai to San Francisco is G$112.

Dr. Manley O. Hudson, professor of International Law at Harvard who spent some time in China in 1927 and who wrote a treatise on the legal aspects of the International Settlement, was arrested recently in Connecticut for driving his car on the left side of the road. When arraigned in court he pleaded that he had recently been in England where he was accustomed to driving on the left side of the road. He was released.

The wedding of Miss Evalina Chao and Dr. Y. W. Soong was announced to take place at the Moore Memorial Church October 28. Miss Chao is the daughter of Chao Chin-ching (S. U. Zau), vice-Minister of Industries, and sister of T. C. Chao, chief secretary of the Shanghai Office of the Foreign Ministry. Dr. Soong is a prominent member of the local Chinese bar, having received his education at Detroit University.

The $800 monthly pension which John R. Geary, representative of the General Electric Co. in Japan, where he has represented various American commercial interests for the past 30 years, receives from the G. E., was attached September 10 by Judge Untermeyer in the New York Supreme Court as part payment of the $1,000 monthly alimony temporarily payable to his divorced wife, who is a daughter of Mr. and Mrs. S. Wright Mc-Collum, of Lockport, N. Y.

Lin Sen, the aged chairman of the National Government, who had been on a visit to his native province of Fukien for several weeks, incidentally using his good offices to try to bring peace there, returned to Shanghai from Foochow October 23 and temporarily stayed in a residence in Route Pere Robert, where he received calls from T. V. Soong, Minister of Finance, Mayor Wu, and other prominent Chinese officials. Mr. Lin has in the meantime proceeded to Nanking.

The marriage of Hsu Ming-teh, graduate of Chiao Tung University, Shanghai and now a member of the staff of the Peiping-Hankow Railway to Miss Hu Hsin-chuan of Peiping took place Wednesday, Oct. 26, at the Yih Ping Shan Hotel in Tibet Road. The bridegroom is a native of Shensi and nephew of Gen. Hsu Lang-hsi, noted revolutionary leader and now chief counsellor to the 3rd Group Anti-Communist Army stationed in Hupeh. The ceremony was witnessed by a large group of prominent people in Shanghai and congratulatory scrolls and silver shields were presented from various government officials, including Gen. Chiang Kai-shek, Gen. Ho Chen-chun, Mayor Wu Teh-chen of Shanghai and many other military and civilian leaders.

62-436

SWEETIE PRIZE SWEEPSTAKES

FIRST PRIZE: $1,000.00 TEAKWOOD BEDROOM FURNITURE
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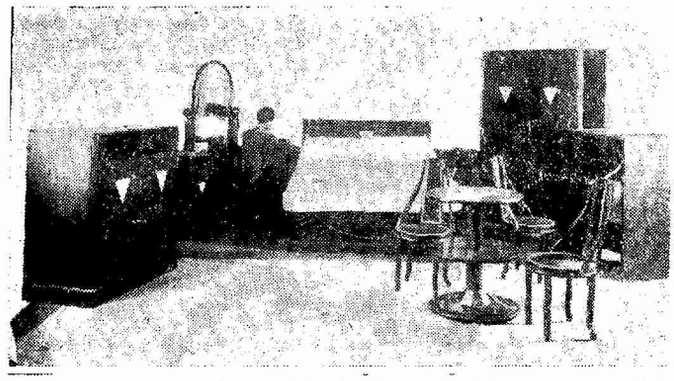

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Mr. PERCY CHU, Manager, Joint Reserve Board of Shanghai Bankers Association.
Mr. G. E. MARDEN, Managing Director, G. E. Marden & Co., Ltd.
Mr. TUH YUI CHANG, M.B.A. (Penn.), Chartered Life Underwriter, China United Assurance Society, Ltd., Shanghai.

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HAZELWOOD
P. O. BOX 302, SHANGHAI

The telegram from Tokyo Oct. 26 states that the Japanese Gavernment had agreed to open preliminary parleys on the proposed Russo-Japanese non-rggression pac about the middle of December. M. Karkhan, Soviet Commissioner of Foreign Affairs, is coming to Jasan for the purpose.

The sale of 15,000,000 bushels of American wheat to China by the U. S. Grain Corporation was again discussed in Washington on Oct. 24, according to a *United Press* report which stated that the Reconstruction Finance Corporation was willing to advance funds to finance the deal providing some responsible organization would endorce it and assume responsibility.

A report from Nanking appearing in *The Evening Post* on Oct. 26 stated the contracts recently entered into between the Mackay interests and the Ministry of Communicationa, probably would be ratified by the National Government. The contracts provide for the construction in Shanghai of wireless and radio telephone stations for communicating with the United States.

George J. McCarthy, general passenger agent in the Orient for the Dollar Company, returned to Shanghai from Hankow last week, after having travelled extensively in Japan, Korea and Manchuria. From here Mr. McCarthy is proceeding to Hongkong and the Philippines, thence to Indo-China and Siam, and later via Europe to America, which he will spend some time on home leave. During Mr. McCarthy's absence Hugh McGowan is acting as general passenger agent with headquarters as Shanghai.

Miss Adaline Bucher, who is the private secretary to Mr. and Mrs. J. Lossing Buck, has written *The Review* stating that a report which appeared in our issue of August 20 (Page 451) referring to Mrs Pearl S. Buck, was incorrect. The article stated Mrs. Buck was engaged in a lecture tour of the United States. Miss Bucher stated that while Mr. and Mrs. Buck are spending the year in America, Mrs. Buck is not lecturing, while Mr. Buck is doing research work at Cornell University. The stage production of Mrs. Buck's book, "The Good Earth," is being handled by the Theater Guild of New York and Mrs. Buck has onthing to do with it.

JAPANESE FORECAST MORE CHINESE POLITICAL CHAOS AND TURMOIL

(*Continued from page 373*)

watching the movements of General Feng Yu-hsiang.

According to messages appearing in the Chinese newspapers at Harbin two brigades of Marshal Feng Yu-hsiang's troops recently entered Barga, on the Manchuria-Mongolia border, from Halka, with the object of forming up with the anti-Manchukuo forces operating to the west of Harbin.

Evidently the Japanese are now convinced also that General Ma Chan-san is alive, despite the fact that they had him reported dead on numerous occassions.

Acording to the *Harbin Shimbun*, of Oct. 20 General Ma Chan-shan, is leading an army of about 18,000 strong to attack Suihwa.

According to the Japanese press, Japanese troops advancing from Tsitsihar, with the object of clearing out all anti-Manchukuo forces concentrated in the section between Tientsaokan and Tsitsihar, have captured Andachan. The Anti-Manchukuo forces are stated to be in full retreat to the south.

Before leaving Andachan, the anti-Manchukuo troops are said to have forced the merchants of the city to give half a million dollars to them, while they confiscated every horse on sight.

Now that the line between Tientsaokan and Tsitsihar has been cleared of all anti-Manchukuo troops, the freight and passenger service has been resumed in this section.

Following the examples set by Generals Ma Chan-shan and Su Ping-wen, the commander of the Manchukuo railway garrison along the Tsitsihar-Koshan Railway, Gen. Pe Ping-tsan, has gone over to the anti-Manchukuo forces and destroyed the track at no less than 16 points in the section under his charge.

The defection of Gen. Pe, whose loyalty had not seriously been questioned by the Manchukuo authorities, is attributed in part to a clash between his troops and a number of Japanese employees of the South Manchuria Railway on October 19, when one Japanese was killed and another wounded by rifle fire.

New Books of Interest in the Far East

Storm Signals Over Europe

Can Europe Keep the Peace?, by Frank H. Simonds, Litt D.; Harper & Brothers, New York City.

Written from a strictly conservative, but thoroughly realistic viewpoint, this book is not only the best this reviewer has come across on the present political situation in Europe, but is really indispensable in understanding the course of the modern wold, East and West, unless one has read carefully and exceedingly analytically the rather disjointed material that appears in the daily press and the more intelligent magazines. One, of course, could find many flaws in the book, and there is not a great amount of competition in its field, but Mr. Simonds is surely to be congratulated for compressing so much so clearly and intelligibly into 350 pages of large size type.

In common with most such literature, the book has a thesis which is summed up in the conclusion that the alternative of peace in Europe is "collective suicide," adding that "what is not clear is whether Europe can actually make enduring peace under Democracy." Then Simonds states that "obviously it can no longer continue the effort to reconcile a Twentieth Century industrial world with an Eighteenth Doctrine," but he gives no details of what he would have replace so-called Democracy. The reader has previously been assured, however, that he does not favor Communism.

President Wilson's democratic principle of self-determination is blamed for most, if not all, the defects of the Versailles Treaty. Here the facts are a bit twisted to support Mr. Simonds' thesis. As a matter of cold fact the principle of self-determination did not dominate the Versailles Peace Conference except insofar as it could be used for imperialistic exploitation of defeated Germany and her allies. The Polish Corridor through Germany was established not because much of its population was Polish, but because it indirectly gave France the vast mineral resources of Upper Silesia and directly crippled Germany. Self-determination was never even considered for the French African colonies, Indo-China, India, Ireland, the Philippine Islands, or any other dominions of the victorious allies. It was applied only to the vanquished to keep them vanquished and enrich the victors.

But if Mr. Simonds does not make this situation clear he fully compensates by a realism that is refreshingly ruthless in describing European developments since. Broadly speaking Europe is divided today into three major contradictions. One is represented by France and her hegemony consisting of Poland, Czechoslovakia, Rumania, and other Baltic and Balkan states. Another is Germany, defeated but still potent. The third is the Soviet Union.

France regards Germany as her greatest rival and the major part of her foreign policy has been to keep Germany down. Through the late Briand she succeeded in recent years in converting the League of Nations into an instrument of the *status quo* of the Treaty of Versailles. Peace and the *status quo* are inextricable in French policy. Through technical asssistance and loans, and their natural fear of the creation of another German empire from which they have escaped, France has virtually all the Balkan and the prinicipal Baltic states as her allies.

Germany is interested primarily in radical modification of the Treaty of Versailles which wrecked her economically and territorially. In this effort she has been aided to some extent by Italy and England, who are anything but enthusiastic about France's neo-Napoleonic hegemony. And Germany, as Mr. Simonds says, has the conviction that she "will not fall alone, nor European civilization long survive her ruin," and so she can afford to be a bit desperate in her bitter fight against Versailles. So far, however, France has triumphed.

The contradictions between France and Germany, of course, furnish vast satisfaction to Moscow, which opposes both and is opposed fundamentally by both. As Mr. Simonds puts it, Stalin "is gambling that Europe cannot recover while Russia reorganizes . . . that the profound and seemingly impassable gap between French and German purposes, in the fact that the civil war upon which capitalism itself has embarked," will pave the way for a Marxian dawn.

Mr. Simonds' discussion of the League of Nations is especially pertinent for its bearing on the present Sino-Japanese crisis. As he says, the League is "garrisoned by France and her allies. . . . . and behind the facade of Geneva, the statesmanship of Europe continues to function in the traditional manner." French dominance of the League has been achieved largely through the power Paris exercises over the succession states to the former German, Austro-Hungarian and Czarist empires. Chief of these is Poland—"if Poland falls, the whole French system collapses",—and the French system of security on the basis of the *status quo* of Versailles is, of course, directed against both Germany and the Soviet Union.

What, therefore, could be regarded with more pleasure by Paris than a Japanese puppet state like Manchukuo to buffer the Soviet Uuion in the East? Wherefore, with the fact in mind that France is dominant in the League, and Great Britain stands on common ground with France in seeking to curb the U.S S.R., the course of Geneva in the Far Eastern crisis becomes exceedingly clear.

Mr. Simonds' discussion of the war debts is as interesting as it is instructive. Germany, naturally, always intended to evade all payments possible. Most of what she ever did pay was the result of nearly G$4,000,000,000 loans from British and American investors. Thus England and the United States have a very vital interest in keeping Germany from going bankrupt. And the major part of what Germany has paid has been for the benefit of France! The Hoover Moratorium, in the opinion of Mr. Simonds, has ended war debts and greatly reduced reparations, and this view appears thoroughly sound. One wonders, however, how British and American loans to Germany will fare in the future.

One important conclusion may be drawn from Mr. Simonds' volume. In recent years there has been much talk of a united front of the capitalistic world against the Soviet Uuion that would likely lead to war. The Far Eastern crisis has intensified this prospect. But actually it appears far off. Assuredly it cannot come to pass unless France and Germany get together, and at the moment the contradictions between these two nations appear fully as profound as the contradictions of either with the U.S S.R. Doubtless if war were to once start, say between Poland and the Soviet Union or between Japan and the Soviet Union, an anti-Red synthesis could be achieved quickly, but a deliberately planned crusade against Moscow does not seem probable in the immediate future.

However, an equally important conclusion from Mr. Simonds' evidence is that the present "peace" in the world is only an armed truce of uncertain duration.

W. B.

A Novel on Japan

Matsu, by John Paris: W. Collins Sons & Co. Ltd., London.

"Matsu" is an entertaining but unlikely tale of a young Japanese nobleman, hereditary head of a Buddhist monastery, who is sent to Oxford to finish his education; acquires an English mistress and an English society girl wife before he is kidnapped by members of the Japanese Embassy whereupon the scene shifts to Japan.

As in most of John Paris' books, Japanese psychology, manners and customs are faithfully portrayed, but the plot of the story hinges upon highly improbable situations.

Count Matsumoto, or Matsu as he is known to his fellow students at Oxford, piques the fancy of Sheila Mannifold, an English girl of prominent family. She falls in love with the Japanese nobleman and after a whirlwind courtship persuades him to marry her. The following day members of the Japanese Embassy in London who have heard of the marriage kidnap Matsu and secretly whisk him away to Japan, leaving his bride of twenty-four hours and his mistress, Joan Avery, unaware of his whereabouts.

Sheila and Joan eventually learn of Matsu's departure for Japan and both determine to follow him. Sheila, accompanied by her brother, depart for Japan via Siberia via the same train that is bearing Joan to the same destination. Lord Mannifold, Sheila's brother, has an affair with Joan to while away the time en route to Japan.

On arriving in Japan, Sheila learns that a hostile faction of Buddhist monks are plotting to oust Matsumoto as Lord Abbot of Johoji monastery. After days of fruitless attempts to gain an audience with her elusive spouse, Sheila manages to gain the confidence of Matsu's associates and plays an important part in the political maneuvers which eventually reinstate the Count as Lord Abbot.

Convinced that she can never fit into the role of wife of the Lord Abbot, Sheila abandons Johoji, Matsu and Japan and returns to England to marry one of her devoted Oxfordian admirers, leaving Lord Mannifold to enjoy the charms of Matsu's erstwhile mistress. B. K.

German-English Dictionary

Langenscheidt's Commercial Dictionary for English-German, German-English, by J. M. Clark, M. A., Ph. D., Lecturer in German in the University of Glasgow and West of Scotland Commercial College.

The publishing house of Langenscheidt, Berlin-Schoeneberg, is specialised for publications regarding study of languages. Many of their dictionaries are considered as classical works. So is the present volume composed with utmost care. On account of an up-to-date and complete collection of commercial expressions it can very well be recommended to all businessmen and students of economics.

Mrs. C. J. G.

Economic Crisis as Viewed in Germany

Weltwirtschaftliches Archiv: Journal of the Institute for World Economy and Seatrade of the University of Kiel, by Dr. sc. pol. Bernhardt Harms. Professor in the University of Kiel. 36 issue, July 1932 Vol. 1 Published by Gustav Fischer, Jena.

The volume contains in the German language very interesting articles concerning questions of the present economic crisis, by international authors of world fame. The subscription to the journal should be recommended to any student of world economics. Mrs. C. J. G.

READERS of *The China Weekly Review* who may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*....If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, plus postage, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.

Honan Refugees Cause Trouble Near Kiangwan

Ten Chinese are being detained by the Bureau of Public Safety in connection with a fight which occurred October 23 between the occupants of the Tseu Miao-sun family, at Hungchang, south of Kiangwan, and the hundred odd Honan refugees quartered in that area. Three of the refugees were seriously wounded.

The trouble started as a result of the refugees marching to Hungchang shortly after 4 p.m., for the purpose of soliciting money. While in front of the Tseu residence, the group was given some money and ordered to disperse. An altercation arose when the refugees demanded more money. They refused to leave, and became rowdy. Some of the members of the Tseu family thereupon fired shots into the mob. Shortly after the incident, the police arrived on the scene and dispersed the crowd.

Dr. Walter Williams as Ambassador to Japan or China?

According to an article which appeared in *The Kansas City Star* on Oct. 5, a movement has been started among Missouri Democrats looking to the appointment of Dr. Walter Williams as Ambassador to Japan or Minister to China in the event of the election of Governor Roosevelt as President of the United States. Dr. Williams, or as he is popularly known, "Dean" Williams, is now president of the University of Missouri. Previously he was dean of the Missouri School of Journalism, an institution which he founded many years ago, Dr. Williams is a Democrat but never has taken an active part in politics. He has visited frequently in the Far East and has many former students residing in both China and Japan.

NOTICE

To Subscribers

(Residing Overseas)

Dating from August 1, 1932 the subscription rate for persons residing outside of China has been reduced from G.$10 a year to G.$8 a year, including postage.

The new rate applies to subscribers residing in the United States, Canada, Europe and Russia.

The new rate, estimated in the currency of the Federated Malay States is equivalent to s. s. $15. In India, Australia and other places using English currency the rate is equivalent to £2:8:0.

The China Weekly Review

38 Avenue Edward VII

Shanghai.

CUSTOMS NOTIFICATION NO. 1251

The attention of the Public is drawn to the Regulations for Bonded Reconditioning Warehouses for foreign merchandise, copies of which are posted in the Custom House on the notice boards of the General Office and of the Appraising Department.

L. H. Lawford,
Commissioner of Customs.

Custom House,
Shanghai, 26th Oct. 1932.

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Pan-Pacific Union Director Speaks on Good Roads

Alexander Hume Ford, the Director of the Pan-Pacific Union, who is at present in Shanghai in connection with the Good Roads Movement in China, gave a talk over station X.C.B.L. Oct. 20 about the projects which his organisation has in view for China in the immediate future.

The speaker was introduced over the microphone by Dr. C. T. Wang, late Minister for Foreign Affairs.

Mr. Ford in the course of his remarks said that to every man in China, and to everyone in the Pacific area, the Good Roads movement to bind China together is of paramount importance. China once bound together by good roads becomes a nation, capable of her own self defence, and no longer a care to other Pacific nations, he said. Her commerce would increase by leaps and bounds and her standard of living raised to the vast financial gain of every commercial community about the Pacific ocean, the home of more than half the population of the globe. Mr. Ford pointed out.

The Spy Scare in Japan---Americans Shadowed

Several American residents of Kobe—some of whom are connected with the National City Bank—were victims of the spy scare during the week-end, when they went on a motor-car excursion to the Lake Biwa district, according to the *Japan Chronicle* of Oct. 18.

The foreigners "proved to be employees of the Kobe branch of a certain foreign bank, who recently attracted the attention of the police on the discovery of their secret scheme to photograph the principal buildings in the chief cities of the country," according to the Japanese account.

The police stopped the foreigners while they were on their way to the Yoro Falls for an excursion. The police then warned them not to take any photographs because military manoeuvres were shortly to be held in the Kwansai district.

The Murder of an American Missionary in Manchuria

Mr. Hall, the American Vice-Consul at Mukden, who went with the Japanese Vice-Consul to Namtsanmu and Hsinpin to investigate the circumstances connected with the death of the American missionary, Rev. Lloyd Putnam Henderson, returned to Mukden Oct. 24.

His enquiries confirmed the fact that the party of which the missionary was a member was attacked by bandits, while they were being escorted by a force of eleven Japanese soldiers from Hsinpin towards the railway at Malientun. The bandits fired about 30 rounds and Mr. Henderson was shot through the head and killed.

Japanese Munition Plants Busy Day and Night

Japanese munition plants are wroking day and night turning out an amazing amount of war supplies, according to a statement made by Boies C. Hart, Vice-President of the National City Bank, on his return to San Francisco Oct. 20 from an extended visit to the Far East. Whatever the object of the preparation program, it does not seem to be aimed at the United States, Mr. Hart said, because it centered on the army instead of the Navy. He mentioned two possibilities, one that Japan is preparing to enter North China and take Peiping and Tientsin, the other that a conflict with Russia is envisaged by Japanese leaders.

Municipal Policeman Shot By Gangster in Teashop

While Shanghai Municipal police were interrogating a suspicious Chinese in a tea shop in the West Hongkew District Oct. 24 morning, another Chinese drew a pistol from his sleeve, shot one of the police assistants through the head, wounded two others and escaped in the ensuing confusion. One of the wounded men who was shot through the lung is not expected to live.

Central Executive Committee Plenary Session to Be Held December 15

The members of the standing committe of the Central Executive Committee agreed at Nanking Oct. 24 to convene the third plenary session of the C.E.C. on December 15. A formal resolution to that effect was adopted several days later.

British Chamber of Commerce Protests Against Dyke Tax

The British Chamber of Commerce at Hankow recently submitted a memorandum to T. V. Soong, Minister of Finance pointing out that among the many causes which have resulted in a steady decline of the trade in Hankow, not the least important is the fact that taxes have been steadily increasing for several years. Each new tax has been imposed, as a rule, for some specific purpose, but in the course of time has come to form part of the standard levy on trade. A particular protest was made against the so-called Dyke Tax.

Japan to Make New Treaties With Manchukuo

The Japan Foreign Office is reported by the *Japan Chronicle* to be pushing on the necessary preparations for the conclusion of several fresh treaties or agreements with Manchukuo in pursuance of the aims of the protocol exchanged between the Governments of Japan and Manchukuo. These prospective agreements will refer to the exchange of diplomatic representatives, to individual rights and interests which have been assured Japan by the protocol, to amity and commerce, and others. Special consideration is said to be bestowed on the details of the treaty of amity and commerce to be concluded.

Japanese Arrest Korean on American Ship at Kobe

A Korean third class passenger on the Dollar liner *President Hoover* was arrested just before the ship sailed from that port for Shanghai Ooctober 12.

The Japanese police state that the arrested man has been educated in America, and speaks only English and Korean. There were several suspicious entries in a diary found in his possession, and his explanation not being found satisfactory, he was taken ashore and detained. The man's name is A Cho, aged 28.

Harbin Alarmed Over Kidnapping Scourge

The population of Harbin is much alarmed at the unceasing activities of kidnappers and at the apparent incompetence of the police to cope with this menace, notwithstanding the fact that the town is now enclosed by an almost unbroken barbed-wire fence. Unless this epidemic of kidnapping can be suppressed, it will probably result in all men of substance leaving the city.

A European named Shereill de Florance was abducted on Sunday, October 9. The kidnappers are demanding a ransom of Yen 200,000.

American Club Holds Annual Meeting

The American Club, held its annual meeting October 24, when the following were elected to the General Committee:—Messrs. W. A. Adams, President, L. E. Bradsher, Vice-President; A. D. Calhoun, Treasurer, and R. W. Diehl, hon. secretary, with Messrs. C. J. Breen, Franklin, O. G. Steen, J. E. Swan, and F. J. Twogood, Messrs. J. W. Carney, C. L. Conrady, Carl Crow, R. W. Diehl, J. Fistere, W. J. Gande, W. H. Gardiner, J. H. Grant, D. W. KcKiel, E. A. Meyerink, H. E. Page, and G. F. Shecklen.

Chinese Postal Remittances and Savings Bank Shows Progress

The report of the postal remittances and savings bank for the 19th fiscal year of the Republic shows that in spite of difficulties—civil war in the North at the beginning of the year and threatened civil war in the South at the close of the year—definite progress has been made. Money orders (domestic) issued during the year amounted to $155,267,900, as compared with $136,559,500 during the previous fiscal year.

Chinese Trade Corporation to Supervise Government Purchases

According to reports in the Chinese press recently, the International Trade Bureau of the Ministry of Industry have proposed the establishment of a $10,000,000 Trade Corporation which will supervise government purchases of foreign products and the export of Chinese products abroad. The proposed corporation is to be capitalised by the government with its head offices in Shanghai.

Strengthening the Anti-Japanese Boycott

Concrete measures towards strengthening the anti-Japanese boycott were adopted by the Federation in Support of the League Covenant, which was organized by over 160 trade guilds in Shanghai some time ago for the purpose of "severing economic relations" with Japan in accordance with Art. 16 of the League Covenant.

The measures stipulate that all member-guilds of the Federation should sign written pledges not to deal in Japanese goods. Only moral sanctions are, however, provided against those who fail to carry out such pledges. The Federation issues badges or credentials to all firms which are found to be faithfully carrying out their pledges not to deal in Japanese goods. Lists of such firms will be published in the Chinese newspapers in Shanghai.

General Chiang Kai-shek Pays Cash Rewards for Bandit Suppression

A cash reward of $20,000 was granted at Hankow Oct. 22 by General Chiang Kai-shek, Commander-in-Chief of the Bandit-suppression forces for the provinces of Honan, Hupeh and Kiangsi, to the 47th and 54th Divisions respsctively under General Shangkuan Yun-hsiang and Hao Meng-lin in recognition of their strenuous services in eastern Hupeh. A separate telegram issued to Major-General Tu Chiao, attached to the 47th Division, specially commended him for his military prowess. The "Red" bandits under Hsu Hsiang-chien and Ho Lung are reported to have suffered repeated reverses at the hands of the Government troops in the Shuichow district. The remnant units under Ho Lung, after being routed by the 44th Division under General Li Mo-an also accorded a victory over the brigands under Hsu Hsiang-chien at Tsaotien.

Japanese Protest Against Duties Levied on Fushun Coal

The Mitsui Bussan Kaisha Company Ltd., local Japanese firm, is making a protest to the Chinese Customs with reference to the import to Shanghai of two shipments of 4,000 tons and 5,000 tons of Fushun coal for which an import tax of 89 cents per ton was levied by the Shanghai customs authorities in accordance with new customs regulations effective since the customs blockade against Manchukuo. The Japanese have made their protest on the basis of the treaty concluded in 1902 between the Japanese Government and the defunct Manchu regime, governing the Fushun Colliery.

American Navy Day Appropriately Celebrated in Shanghai

The American Navy units in Shanghai appropriately observed Navy Day on October 26. The U. S. S. *Houston*, U. S. S. *Rochester*, U. S. S. *Isabel*, U. S. S. *Tulsa* in the harbor, as well as the Fourth Marines, held open house for all Americans in the afternoon. Tenders conveyed visitors between ships and shore and hundreds of Americans took the opportunity of visiting the flagship *Houston*, anchored in midstream. The U. S. S. *Rochester*, anchored off the French Bund, also attracted many visitors.

Nanking to Control Local Finances

Special legislation, whereby local finances will be placed under the supervision of the Ministry of Finance, is to be instituted in accordance with a resolution of the Central Political Council adopted at the Capital Oct. 20. The Council approved a set of general principles for the guidance of the Legislative Yuan in drafting a new Law governing Government supervision of local finances. These principles embody the important provision that except in accordance with Law, no local government shall impose any new taxes, increase the rate of existing taxes or issue any public loan.

Seven Chinese Killed by Explosion in Chapei

Seven Chinese were killed by an explosion in Chapei on the afternoon of Oct. 27, which occurred as the result of a squabble between two boys over the possession of an object found in a dump. It proved to be a 75mm. shell left over from the Chapei fighting at the beginning of the year. It exploded with terrific violence.

Latest New York Stock Exchange Quotations

Market—Steady — Business Done 600,000 Shares

Oct. 26, 1932

1931-2 High	1931-2 Low	Div.$ per Sh.	STOCKS	Mon. Oct 24	Tues. Oct.25
9⅜	1⅝	—	Adams Express	5½	5⅜
87½	42¼	*6.00	Allied Chemical & Dye	71⅞	71½
14½	4	—	Allis Chalmers	7½	7⅜
73⅞	29⅝	*4.00	American Can	50½	50
14½	2	—	American & Foreign Power	7⅝	8⅜
9⅝	1⅛	—	American & Foreign Power Warr.	5	4⅞
26½	5¼	—	American Smelting	14¼	14
137⅜	70¼	9.00	American Telephone & Telegraph	102⅜	102
86¾	44	*5.00	American Tobacco "B"	63½	64¼
34⅛	11	2.00	American Waterworks	22	21¼
18⅜	3	—	Anaconda Copper	9⅛	8¾
151¾	28¾	*4.00	Auburn Automobiles	42	40½
21⅜	3¾	—	Baltimore & Ohio	11¼	11⅞
29	7¼	—	Bethlehem Steel	16¾	17⅛
43⅛	20	*2.00	Borden Company	26⅜	26⅛
13½	3⅜	—	Borg Warner	8½	8
20⅝	7¼	—	Canadian Pacific Railway	13⅝	13½
63¾	16 7/4	—	Case, J. I.	39⅛	38⅛
47⅞	19	2.00	Chase Bank	34½	34¼
20⅝	4⅞	2.00	Chesapeake Corp.	13⅛	13¼
21	5	1.00	Chrysler	13½	13⅜
6⅞	1¼	—	Cities Service Company	4	3⅞
20⅞	4¼	1.00	Columbia Gas & Electric	12¾	12½
5	1⅝	.30	Commonwealth & Southern	3	3
15/16	1/16	—	" Warr.	½	½
68¾	31½	4.00	Consolidated Gas of N. Y.	56	Unq.
9⅛	3⅝	—	Continental Oil	5¾	5⅞
54½	24¾	*3.00	Corn Products	49½	49
6⅞	1½	—	Coty Inc.	4	4
3	⅞	—	Curtiss Wright Company	2	2
57	23	4.00	Drug Incorporated	31⅞	29⅝
59¾	22½	2.00	Du Pont de Nemours	33½	33¼
87⅞	36¼	3.00	Eastman Kodak	49¾	49½
45¼	5	6%S	Electric Bond & Share	23¼	23
15½	2¾	—	Electric Power & Light	7¾	7½
5⅝	1	—	Fox Film "A"	2⅝	2⅞
26⅛	8½	.40	General Electric	14⅞	15
40½	19⅝	2.00	General Foods	28½	27¾
24⅝	7⅝	1.00	General Motors	12⅜	12¼
28⅝	6½	1.00	General Railway Signal	Unq.	Unq.
24¼	10⅜	1.00	Gillette Safety Razor	15⅝	15⅜
19⅞	8¼	1.60	Gold Dust	16	15⅝
11⅝	2¼	—	Goodrich Rubber	5	5⅛
28⅜	5½	—	Goodyear Tire & Rubber	14	14
18¾	3⅝	—	International Cement	9	8½
1⅞	½	—	International Com. Engine.	Unq.	¾
32¾	10⅞	1.20	International Harvester	20⅝	20½
12¼	3½	—	International Nickel	8	7¾
15½	2⅞	—	International Telephone & Telegraph	9⅛	9
32⅝	10	—	Johns Manville	21⅛	20½
19	4⅞	—	Kennecott	10⅛	10
9⅛	1/32	—	Kreuger & Toll	¼	⅞
66⅞	32⅛	*4.00	Liggett & Myers, "B"	54⅞	55
36⅞	13¼	*3.00	Loew's: Inc.	26½	26¼
17½	9	1.20	Lorillard P. Co. (Com.)	18	18
11⅜	1½	—	Ludlum Steel	5½	Unq.
16¼	3½	—	Montgomery Ward	11¼	11
64½	23¾	2.00	National City Bank (bid price)	42½	43
9⅞	2½	—	Nevada Copper	Unq.	Unq.
36⅝	8¾	—	New York Central	22¾	22¾
42¾	13¾	10%	North American Company	28¼	28
37	16⅞	2.00	Pacific Gas & Electric	26¾	25¾
5¼	1½	—	Packard Motors	2⅞	2⅞
11½	1½	—	Paramount—Publix	3½	3½
23⅜	6½	—	Pennsylvania Railroad	14⅛	14
4¼	1	—	Pennroad Corporation	1¾	1¾
8	2	—	Phillips Petroleum	5½	5¼
60	28	3.20	Public Service of N. Jersey	45¾	45¾
12½	2½	—	Radio Corporation	7	6¾
7⅛	1½	—	Radio-Keith Orpheum	2¾	Unq.
45⅝	26½	3.00	Reynolds Tobacco "B"	29½	29
37⅞	9⅞	—	Sears Roebuck	19	18¼
8¾	2½	—	Shell Union	5⅞	5⅞
13	3	—	Simmons Company	8	7½
12⅛	5¼	.80	Socony-Vacuum Corp	9¾	9⅝
23¾	15¾	2.00	Southern California Edison	26	25½
34¼	7⅝	2.00	Standard Gas & Electric	16	15⅞
37¼	19⅞	*1.00	Standard Oil of N. Jersey	29⅜	29½
17¾	9¼	1.00	Texas Corporation	12⅞	13
26¾	12	2.00	Texas Gulf Sulphur	21	20½
7	2⅛	—	Trans America	4⅞	4¾
36⅜	15½	1.20	Union Carbide & Carbon	23⅜	23¼
94½	27⅝	6.00	Union Pacific Railway	62⅞	63¼
33½	6½	—	United Aircraft & Trans.	23⅝	22⅞
13⅜	3½	.40	United Corporation	8⅝	8¼
21⅞	9¼	1.20	United Gas Improvement	18	17¾
9¾	1¼	—	U. S. Rubber	5	Unq.
52⅝	21¼	—	U. S. Steel	35⅜	34⅝
23¼	5¼	—	Vanadium	12¾	12½
4½	½	—	Warner Bros. Pictures	2½	2
43½	15⅞	—	Westinghouse E. & M.	25⅝	25⅛
45⅝	22	2.40	Woolworth	36¼	35¾
*Plus extras			Call Money	1%	1%

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Panshan Lama Prays for Peace---Against the Japanese

The Panshen Lama, who recently fled from Tibet, following a dispute with his rival, the Dalai Lama (the latter having in the meantime been deposed by the Tibetan populace) has been enlivening Peiping during the last few weeks, where his movements have attracted the attention of the Chinese and Japanese alike. From all one can gather the Panshen Lama is a fairly regular supplicant for funds from the National Government, and a Peiping correspondent of the *North China Daily News* states that the National Government has allotted him during the year something like $400,000 for his personal expenses. The Japanese are keeping a particular eye on the Panshen Lama because of a prayer meeting on an elaborate scale which he commenced at the Tai Ho Tien, Peiping, October 21, to continue for ten days. The *North China Star* quoted a Chinese closely connected with the Shih Lun Chin Kang Fan Hui, which is sponsoring the Panshen Lama's visit to Peiping, as saying that the religious meeting which he has been sponsoring is to pray not only for national peace but also for deliverance from the present national crisis. It is said that when Kublai Khan sent a fleet to invade Japan in the thirteenth, century, all Japan offered prayers and recited the "Chin King" sutras, as a result of which the Mongol Emperor's expedition came to grief and Japan was thus saved. Sponsors of the Chinese meeting hope that by imitating the example of the Japanese in the 13th century, they will bring about a similar result to the present Sino-Japanese tangle.

Dr. Lu Ting-an Takes Office as Commissioner of Public Health

Dr. Li Ting-an, newly-appointed commissioner of public health of the Municipality of Greater Shanghai, speaking before the Public Health Bureau staff on taking over his new office at the beginning of the week denounced the system of nepotism in common practice among certain government offices and assured all the bureau officials that no change of personnel in the staff of the bureau would be made.

Mr. Li, who is 34 years of age, was born in 1898 in Chung Shan district, Kwangtung Province. In 1916 he entered the Lingnan University, Canton to receive pre-medical training. Three years later, he was transferred to the Peking Union Medical College, Peiping. He graduated in 1927, when he left for America to make further studies in public health in Harvard University, where he graduated in 1929 with the degree of M.D. He returned to China in the autumn of 1929 and was immediately appointed head of the fourth department in the Bureau of Public Health, of the Municipality of Greater Shanghai. Early in 1930, he resigned in order to join the faculty staff of the Peking Union Medical College. Until his recent appointment as head of the Bureau of Public Health, he has been a professor in public health and concurrently head of the Public Health Work Station of the P.U.M.C. in Peiping.

General Chen Ming-shu Departs from China

General Chen Ming-shu, Minister of Communications in the Nanking Government, departed for Europe on the German steamer *Coblenz* sailing from China last week. Before leaving, the Minister of Communications, urged the acceptance of his resignation from the Chiaotungpu in a telegram addressed to T. V. Soong, acting president of the Executive Yuan. One report stated that General Chen would stop over in Manila to solicit funds for the Nineteenth Route Army.

Japanese Army Officers Oppose Roman Catholic Schools

The *Japan Advertiser* states that military officers will be withdrawn from the Roman Catholic institutions of higher learning in the Island Empire if the army has its way in its present dispute with the Education Ministry. The schools in question are Jochi University at Kioi-cho, Kojimachi; the Gyosei Middle School at Kudan, Tokyo, and the Kaisei Middle School at Nagasaki. If the officers are withdrawn graduates of these three schools will lose their present privilege of going through a brief period of military training upon graduation and their present eligibility for commissions in the army.

The three schools are maintained by Catholic missions. The military authorities point out that at these institutions the pictures of the Emperor and Empress are not worshipped, the students refuse to worship at the Yasukuni and other shrines and national flags are not hoisted on national holidays. These facts show, the officers declare, that the schools are not falling in with the current idea for education of the Japanese young and, therefore, it is a meaningless farce to have military officers train the students.

Negotiations are reported in progress between the War and Educational Ministries. The latter wishes the training in the schools continued.

The National City Co. Gold Bond Quotations Received From Head Office

Oct. 20 1932.

SECURITY	RATE &	DATE DUE	Price	Approx Yield%
The National City Bank of New York		Stock	48	—
Argentine Government	6 %	May 1, 1960	54½	11.45
U. S. of Brazil	6½%	Oct. 15, 1957	19½	—
Republic of Finland	6½%	Sep. 1, 1956	68	10.06
German Central Bank for Agriculture	6 %	Oct. 15, 1960	51¾	—
Kingdom of Italy	7 %	Dec. 1, 1951	97	7.29
State of Minas Geraes Series "A"	6½%	Sep. 1, 1959	13	—
State of Sao Paulo (Brazil)	7 %	Oct. 1, 1940	59	—
American I. G. Chemical Corporation	5½%	May 1, 1949	78	7.91
Rhine Westphalia Electric Power Corp.	6 %	Apr. 1, 1955	50	12.83

QUOTATIONS RECEIVED FROM LONDON OFFICE

Republic of China Gold Loan	5 %	1925	71½	—
Chinese Govt. Re-org. (£) Loan Stamped	5 %	1913/60	73	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 %	1913/60	71	—
Chinese Government (Crisp Loan)	5 %	1612	44¾	—
Shanghai-Nanking Railway	5 %	1904/08	43	—
Shanghai-Hangchow-Ningpo Railway	5 %	1908/58	77	—
Hukuang Railway	5 %	1911/1951	27	—
Tientsin-Pukow Railway	5 %	1908/09	27	—

NOTE: The above quotations are received by cable, and whilst believed to be correct, are not guaranteed.

The National City Bank of New York, Rates of Exchange

Shanghai Oct. 26, 1932.

Demand selling rate on America:	U.S. $1.00=Sh. $4.8101
Demand buying rate on America:	U.S. $1.00=Sh. $4.7133
Demand selling rate on London:	£1.0.0=Sh. $15.907
Demand buying rate on London:	£1.0.0=Sh. $15.549

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